

In lieu of the matter proposed to be inserted by the
Senate amendment, insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Trade Act of 2002”.

3 **SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF**
4 **CONTENTS.**

5 (a) DIVISIONS.—This Act is organized into 4 divi-
6 sions as follows:

7 (1) DIVISION A.—Trade Adjustment Assistance.

8 (2) DIVISION B.—Bipartisan Trade Promotion
9 Authority.

10 (3) DIVISION C.—Andean Trade Preference
11 Act.

12 (4) DIVISION D.—Extension of Certain Pref-
13 erential Trade Treatment and Other Provisions.

14 (b) TABLE OF CONTENTS.—The table of contents for
15 this Act is as follows:

Sec. 1. Short title.

Sec. 2. Organization of act into divisions; table of contents.

DIVISION A—TRADE ADJUSTMENT ASSISTANCE

Sec. 101. Short title.

TITLE I—TRADE ADJUSTMENT ASSISTANCE PROGRAM

Sec. 111. Reauthorization of trade adjustment assistance program.

Sec. 112. Filing of petitions and provision of rapid response assistance; expedited review of petitions by Secretary of Labor.

Sec. 113. Group eligibility requirements.

Sec. 114. Qualifying requirements for trade readjustment allowances.

Sec. 115. Waivers of training requirements.

Sec. 116. Amendments to limitations on trade readjustment allowances.

Sec. 117. Annual total amount of payments for training.



- Sec. 118. Authority of States with respect to costs of approved training and supplemental assistance.
- Sec. 119. Provision of employer-based training.
- Sec. 120. Coordination with title I of the Workforce Investment Act of 1998.
- Sec. 121. Expenditure period.
- Sec. 122. Declaration of policy; sense of Congress.

TITLE II—CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS

- Sec. 201. Credit for health insurance costs of individuals receiving a trade re-adjustment allowance or a benefit from the Pension Benefit Guaranty Corporation.
- Sec. 202. Advance payment of credit for health insurance costs of eligible individuals.

TITLE III—CUSTOMS REAUTHORIZATION

- Sec. 301. Short title.

Subtitle A—United States Customs Service

CHAPTER 1—DRUG ENFORCEMENT AND OTHER NONCOMMERCIAL AND COMMERCIAL OPERATIONS

- Sec. 311. Authorization of appropriations for noncommercial operations, commercial operations, and air and marine interdiction.
- Sec. 312. Antiterrorist and illicit narcotics detection equipment for the United States-Mexico border, United States-Canada border, and Florida and the Gulf Coast seaports.
- Sec. 313. Compliance with performance plan requirements.

CHAPTER 2—CHILD CYBER-SMUGGLING CENTER OF THE CUSTOMS SERVICE

- Sec. 321. Authorization of appropriations for program to prevent child pornography/child sexual exploitation.

CHAPTER 3—MISCELLANEOUS PROVISIONS

- Sec. 331. Additional Customs Service officers for United States-Canada border.
- Sec. 332. Study and report relating to personnel practices of the Customs Service.
- Sec. 333. Study and report relating to accounting and auditing procedures of the Customs Service.
- Sec. 334. Establishment and implementation of cost accounting system; reports.
- Sec. 335. Study and report relating to timeliness of prospective rulings.
- Sec. 336. Study and report relating to customs user fees.
- Sec. 337. Fees for customs inspections at express courier facilities.
- Sec. 338. National customs automation program.

CHAPTER 4—ANTITERRORISM PROVISIONS

- Sec. 341. Immunity for United States officials that act in good faith.
- Sec. 342. Emergency adjustments to offices, ports of entry, or staffing of the customs service.
- Sec. 343. Mandatory advanced electronic information for cargo and passengers.
- Sec. 344. Border search authority for certain contraband in outbound mail.



Sec. 345. Authorization of appropriations for reestablishment of customs operations in New York City.

CHAPTER 5—TEXTILE TRANSSHIPMENT PROVISIONS

Sec. 351. Gao audit of textile transshipment monitoring by customs service.

Sec. 352. Authorization of appropriations for textile transshipment enforcement operations.

Sec. 353. Implementation of the african growth and opportunity act.

Subtitle B—Office of the United States Trade Representative

Sec. 361. Authorization of appropriations.

Subtitle C—United States International Trade Commission

Sec. 371. Authorization of appropriations.

Subtitle D—Other trade provisions

Sec. 381. Increase in aggregate value of articles exempt from duty acquired abroad by United States residents.

Sec. 382. Regulatory audit procedures.

DIVISION B—BIPARTISAN TRADE PROMOTION AUTHORITY

TITLE XXI—TRADE PROMOTION AUTHORITY

Sec. 2101. Short title and findings.

Sec. 2102. Trade negotiating objectives.

Sec. 2103. Trade agreements authority.

Sec. 2104. Consultations and assessment.

Sec. 2105. Implementation of trade agreements.

Sec. 2106. Treatment of certain trade agreements for which negotiations have already begun.

Sec. 2107. Congressional oversight group.

Sec. 2108. Additional implementation and enforcement requirements.

Sec. 2109. Committee staff.

Sec. 2110. Conforming amendments.

Sec. 2111. Definitions.

DIVISION C—ANDEAN TRADE PREFERENCE ACT

TITLE XXXI—ANDEAN TRADE PREFERENCE

Sec. 3101. Short title.

Sec. 3102. Findings.

Sec. 3103. Articles eligible for preferential treatment.

Sec. 3104. Termination of preferential treatment.

Sec. 3105. Trade benefits under the Caribbean Basin Economic Recovery act.

Sec. 3106. Trade benefits under the African Growth and Opportunity Act.

DIVISION D—EXTENSION OF CERTAIN PREFERENTIAL TRADE
TREATMENT AND OTHER PROVISIONS

Sec. 4101. Extension of generalized system of preferences.

Sec. 4102. Fund for WTO dispute settlements.

Sec. 4103. Payment of duties and fees.



1 **DIVISION A—TRADE**
2 **ADJUSTMENT ASSISTANCE**

3 **SEC. 101. SHORT TITLE.**

4 This division may be cited as the “Trade Adjustment
5 Assistance Reform Act of 2002”.

6 **TITLE I—TRADE ADJUSTMENT**
7 **ASSISTANCE PROGRAM**

8 **SEC. 111. REAUTHORIZATION OF TRADE ADJUSTMENT AS-**
9 **SISTANCE PROGRAM.**

10 (a) ASSISTANCE FOR WORKERS.—Section 245 of the
11 Trade Act of 1974 (19 U.S.C. 2317) is amended by strik-
12 ing “October 1, 1998, and ending September 30, 2001,”
13 each place it appears and inserting “October 1, 2001, and
14 ending September 30, 2004,”.

15 (b) ASSISTANCE FOR FIRMS.—Section 256(b) of the
16 Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by
17 striking “October 1, 1998, and ending September 30,
18 2001” and inserting “October 1, 2001, and ending Sep-
19 tember 30, 2004,”.

20 (c) TERMINATION.—Section 285(c) of the Trade Act
21 of 1974 (19 U.S.C. 2271 note) is amended in paragraphs
22 (1) and (2)(A) by striking “September 30, 2001” and in-
23 serting “September 30, 2004”.

24 (d) TRAINING LIMITATION UNDER NAFTA PRO-
25 GRAM.—Section 250(d)(2) of the Trade Act of 1974 (19



1 U.S.C. 2331(d)(2)) is amended by striking “October 1,
2 1998, and ending September 30, 2001” and inserting
3 “October 1, 2001, and ending September 30, 2004”.

4 **SEC. 112. FILING OF PETITIONS AND PROVISION OF RAPID**
5 **RESPONSE ASSISTANCE; EXPEDITED REVIEW**
6 **OF PETITIONS BY SECRETARY OF LABOR.**

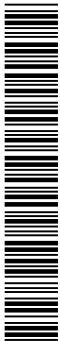
7 (a) FILING OF PETITIONS AND PROVISION OF RAPID
8 RESPONSE ASSISTANCE.—Section 221(a) of the Trade
9 Act of 1974 (19 U.S.C. 2271(a)) is amended to read as
10 follows:

11 “(a)(1) A petition for certification of eligibility to
12 apply for adjustment assistance for a group of workers
13 under this chapter may be filed with the Governor of the
14 State in which such workers’ firm or subdivision is located
15 by any of the following:

16 “(A) The group of workers (including workers
17 in an agricultural firm or subdivision of any agricul-
18 tural firm).

19 “(B) The certified or recognized union or other
20 duly authorized representative of such workers.

21 “(C) Employers of such workers, one-stop oper-
22 ators or one-stop partners (as defined in section 101
23 of the Workforce Investment Act of 1998 (29 U.S.C.
24 2801)), including State employment security agen-



1 cies, or the State dislocated worker unit established
2 under title I of such Act, on behalf of such workers.

3 “(2) Upon receipt of a petition filed under paragraph
4 (1), the Governor shall—

5 “(A) immediately transmit the petition to the
6 Secretary of Labor (hereinafter in this chapter re-
7 ferred to as the ‘Secretary’);

8 “(B) ensure that rapid response assistance, and
9 appropriate core and intensive services (as described
10 section 134 of the Workforce Investment Act of
11 1998 (29 U.S.C. 2864)) authorized under other
12 Federal laws are made available to the workers cov-
13 ered by the petition to the extent authorized under
14 such laws; and

15 “(C) assist the Secretary in the review of the
16 petition by verifying such information and providing
17 such other assistance as the Secretary may request.

18 “(3) Upon receipt of the petition, the Secretary shall
19 promptly publish notice in the Federal Register that the
20 Secretary has received the petition and initiated an inves-
21 tigation.”.

22 (b) EXPEDITED REVIEW OF PETITIONS BY SEC-
23 RETARY OF LABOR.—Section 223(a) of such Act (19
24 U.S.C. 2273(a)) is amended in the first sentence by strik-
25 ing “60 days” and inserting “40 days”.



1 **SEC. 113. GROUP ELIGIBILITY REQUIREMENTS.**

2 (a) TRADE ADJUSTMENT ASSISTANCE PROGRAM.—

3 (1) IN GENERAL.—Section 222 of the Trade
4 Act of 1974 (19 U.S.C. 2272) is amended—

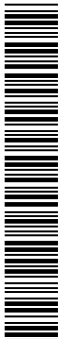
5 (A) by redesignating subsection (b) as sub-
6 section (c); and

7 (B) by inserting after subsection (a) the
8 following:

9 “(b)(1) A group of workers (including workers in any
10 agricultural firm or subdivision of an agricultural firm)
11 shall be certified by the Secretary as eligible to apply for
12 adjustment assistance benefits under this subchapter if,
13 subject to paragraph (2), the Secretary determines that—

14 “(A) a significant number or proportion of the
15 workers in the workers’ firm or an appropriate sub-
16 division of the firm have become totally or partially
17 separated, or are threatened to become totally or
18 partially separated;

19 “(B) the workers’ firm (or subdivision) is a
20 supplier to a firm (or subdivision) that employed
21 workers covered by a certification of eligibility under
22 subsection (a), the component parts provided to the
23 firm by the supplier is a direct component of the ar-
24 ticle that is the basis for the certification of eligi-
25 bility under subsection (a), and either the component
26 parts have a dedicated usage for the firm and the



1 supplier does not have another reasonably available
2 purchaser, or the component parts add at least 25
3 percent of the value to the article involved; and

4 “(C) a loss of business with the firm (or sub-
5 division) covered by the certification of eligibility
6 under subsection (a) contributed importantly to the
7 workers’ separation or threat of separation deter-
8 mined under subparagraph (A).

9 “(2) A group of workers shall be eligible for certifi-
10 cation by the Secretary under paragraph (1) if the petition
11 for certification is filed with the Secretary not later than
12 6 months after the date on which the Secretary certifies
13 the group of workers in the firm (or subdivision of the
14 firm) under subsection (a) with respect to which the firm
15 involved is a supplier.”.

16 (2) DEFINITIONS.—Section 222(c) of such Act,
17 as redesignated by paragraph (1)(A), is amended—

18 (A) in the matter preceding paragraph (1),
19 by striking “subsection (a)(3)” and inserting
20 “this section”; and

21 (B) by adding at the end the following:

22 “(3) The term ‘supplier’ means a firm that pro-
23 duces component parts for articles produced by a
24 firm (or subdivision) that employed a group of work-
25 ers covered by a certification of eligibility under sub-



1 section (a) and with respect to which the production
2 of such component parts constitutes not less than 50
3 percent of the total operations or production of the
4 firm.”.

5 (b) NAFTA TRANSITIONAL ADJUSTMENT ASSIST-
6 ANCE PROGRAM.—

7 (1) IN GENERAL.—Section 250(a) of the Trade
8 Act of 1974 (19 U.S.C. 2331(a)) is amended—

9 (A) by redesignating paragraphs (2) and
10 (3) as paragraphs (3) and (4), respectively; and

11 (B) by inserting after paragraph (1) the
12 following:

13 “(2) CRITERIA FOR ADVERSELY AFFECTED
14 SECONDARY WORKERS.—(A) A group of workers (in-
15 cluding workers in any agricultural firm or subdivi-
16 sion of an agricultural firm) shall be certified by the
17 Secretary as eligible to apply for adjustment assist-
18 ance benefits under this subchapter if, subject to
19 subparagraph (B), the Secretary determines that—

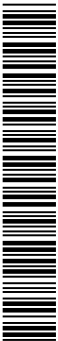
20 “(i) a significant number or proportion of
21 the workers in the workers’ firm or an appro-
22 priate subdivision of the firm have become to-
23 tally or partially separated, or are threatened to
24 become totally or partially separated;



1 “(ii) the workers’ firm (or subdivision) is a
2 supplier to a firm (or subdivision) that em-
3 ployed workers covered by a certification of eli-
4 gibility under paragraph (1), the component
5 parts provided to the firm by the supplier is a
6 direct component of the article that is the basis
7 for the certification of eligibility under sub-
8 section (a), and either the component parts
9 have a dedicated usage for the firm and the
10 supplier does not have another reasonably avail-
11 able purchaser, or the component parts add at
12 least 25 percent of the value to the article in-
13 volved; and

14 “(iii) a loss of business with the firm (or
15 subdivision) covered by the certification of eligi-
16 bility under paragraph (1) contributed impor-
17 tantly to the workers’ separation or threat of
18 separation determined under clause (i).

19 “(B) A group of workers shall be eligible for
20 certification by the Secretary under subparagraph
21 (A) if the petition for certification is filed with the
22 Secretary not later than 6 months after the date on
23 which the Secretary certifies the group of workers in
24 the firm (or subdivision of the firm) under para-



1 graph (1) with respect to which the firm involved is
2 a supplier.”.

3 (2) DEFINITIONS.—Section 250(a)(3) of such
4 Act, as redesignated by paragraph (1)(A), is amend-
5 ed to read as follows:

6 “(3) DEFINITIONS.—In this section:

7 “(A) The term ‘contributed importantly’
8 means a cause which is important but not nec-
9 essarily more important than any other cause.

10 “(B) The term ‘supplier’ means a firm
11 that produces component parts for articles pro-
12 duced by a firm (or subdivision) covered by a
13 certification of eligibility under paragraph (1)
14 and with respect to which the production of
15 such component parts constitutes not less than
16 50 percent of the total operations or production
17 of the firm.”.

18 (3) REGULATIONS.—Section 250(a)(4) of such
19 Act, as redesignated by paragraph (1)(A), is amend-
20 ed by striking “paragraph (1)” and inserting “para-
21 graphs (1) and (2)”.

22 **SEC. 114. QUALIFYING REQUIREMENTS FOR TRADE READ-**
23 **JUSTMENT ALLOWANCES.**

24 (a) CLARIFICATION OF CERTAIN REDUCTIONS.—(1)
25 Section 231(a)(3)(B) of the Trade Act of 1974 (19 U.S.C.



1 2291(a)(3)(B)) is amended by inserting after “any unem-
2 ployment insurance” the following: “, except additional
3 compensation that is funded by a State and is not reim-
4 bursed from any Federal funds,”.

5 (2) Section 233(a)(1) of the Trade Act of 1974 (19
6 U.S.C. 2293(a)(1)) is amended by inserting after “any un-
7 employment insurance” the following: “, except additional
8 compensation that is funded by a State and is not reim-
9 bursed from any Federal funds,”.

10 (b) ENROLLMENT IN TRAINING REQUIREMENT.—
11 Section 231(a)(5)(A) of such Act (19 U.S.C.
12 2291(a)(5)(A)) is amended—

13 (1) by inserting “(i)” after “(A)”;

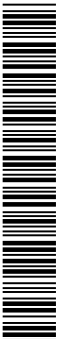
14 (2) by adding “and” after the comma at the
15 end; and

16 (3) by adding at the end the following:

17 “(ii) the enrollment required under clause

18 (i) occurs no later than the latest of—

19 “(I) the last day of the 13th week
20 after the worker’s most recent total sepa-
21 ration from adversely affected employment
22 which meets the requirements of para-
23 graphs (1) and (2);



1 “(II) the last day of the 8th week
2 after the week in which the Secretary
3 issues a certification covering the worker;

4 “(III) 45 days after the later of the
5 dates specified in subclause (I) or (II), if
6 the Secretary determines there are extenu-
7 ating circumstances that justify an exten-
8 sion in the enrollment period; or

9 “(IV) the last day of a period deter-
10 mined by the Secretary to be approved for
11 enrollment after the termination of a waiv-
12 er issued pursuant to subsection (c).”.

13 **SEC. 115. WAIVERS OF TRAINING REQUIREMENTS.**

14 (a) IN GENERAL.—Section 231(c) of the Trade Act
15 of 1974 (19 U.S.C. 2291(c)) is amended to read as fol-
16 lows:

17 “(c)(1) The Secretary may issue a written statement
18 to a worker waiving the enrollment in the training require-
19 ment described in subsection (a)(5)(A) if the Secretary de-
20 termines that such training requirement is not feasible or
21 appropriate for the worker, as indicated by 1 or more of
22 the following:

23 “(A) The worker has been provided a written
24 notice that the worker will be recalled by the firm
25 from which the qualifying separation occurred and



1 that such recall will occur within 6 months of the
2 qualifying separation.

3 “(B) The worker is within 2 years of meeting
4 all requirements for entitlement to old-age insurance
5 benefits under title II of the Social Security Act (42
6 U.S.C. 401 et seq.) (except for application therefore)
7 as of the date of the most recent separation of the
8 worker that meets the requirements of subsection
9 (a)(1) and (2).

10 “(C) The worker is unable to participate in
11 training due to the health of the worker, except that
12 a waiver under this subparagraph shall not be con-
13 strued to exempt a worker from requirements relat-
14 ing to the availability for work, active search for
15 work, or refusal to accept work under Federal or
16 State unemployment compensation laws.

17 “(D) The first available enrollment date for the
18 approved training of the worker is within 45 days
19 after the date of the determination made under this
20 paragraph, or, if later, there are extenuating cir-
21 cumstances for the delay in enrollment, as deter-
22 mined pursuant to guidelines issued by the Sec-
23 retary.

24 “(E) There are insufficient funds available for
25 training under this chapter, and funds are not avail-



1 able for the approved training under other Federal
2 law.

3 “(2) The Secretary shall specify the duration of the
4 waiver under paragraph (1) and shall periodically review
5 the waiver to determine whether the basis for issuing the
6 waiver remains applicable. If at any time the Secretary
7 determines such basis is no longer applicable to the work-
8 er, the Secretary shall revoke the waiver.

9 “(3) Pursuant to the agreement under section 239,
10 the Secretary may authorize a cooperating State or State
11 agency to carry out activities described in paragraph (1)
12 (except for the determination under subparagraph (E) of
13 paragraph (1)). Such agreement shall include a require-
14 ment that the State or State agency maintain and make
15 available to the Secretary the written statements provided
16 pursuant to paragraph (1) and a statement of the reasons
17 for the waiver.

18 “(4) The Secretary shall collect and maintain infor-
19 mation identifying the number of workers who received
20 waivers and the average duration of such waivers issued
21 under this subsection during the preceding year.”.

22 (b) CONFORMING AMENDMENT.—Section
23 231(a)(5)(C) of such Act (19 U.S.C. 2291(a)(5)(C)) is
24 amended by striking “certified”.



1 **SEC. 116. AMENDMENTS TO LIMITATIONS ON TRADE READ-**
2 **JUSTMENT ALLOWANCES.**

3 (a) INCREASE IN MAXIMUM NUMBER OF WEEKS.—
4 Section 233(a) of the Trade Act of 1974 (19 U.S.C.
5 2293(a)) is amended—

6 (1) in paragraph (2), by inserting after “104-
7 week period” the following: “(or, in the case of an
8 adversely affected worker who requires a program of
9 remedial education (as described in section
10 236(a)(5)(D)) in order to complete training ap-
11 proved for the worker under section 236, the 130-
12 week period)”; and

13 (2) in paragraph (3), by striking “26” each
14 place it appears and inserting “52”.

15 (b) SPECIAL RULE RELATING TO BREAK IN TRAIN-
16 ING.—Section 233(f) of the Trade Act of 1974 (19 U.S.C.
17 2293(f)) is amended in the matter preceding paragraph
18 (1) by striking “14 days” and inserting “30 days”.

19 (c) ADDITIONAL WEEKS FOR INDIVIDUALS IN NEED
20 OF REMEDIAL EDUCATION.—Section 233 of the Trade
21 Act of 1974 (19 U.S.C. 2293) is amended by adding at
22 the end the following:

23 “(g) Notwithstanding any other provision of this sec-
24 tion, in order to assist an adversely affected worker to
25 complete training approved for the worker under section
26 236 which includes a program of remedial education (as



1 described in section 236(a)(5)(D)), and in accordance with
2 regulations prescribed by the Secretary, payments may be
3 made as trade readjustment allowances for up to 26 addi-
4 tional weeks in the 26-week period that follows the last
5 week of entitlement to trade readjustment allowances oth-
6 erwise payable under this chapter.”.

7 **SEC. 117. ANNUAL TOTAL AMOUNT OF PAYMENTS FOR**
8 **TRAINING.**

9 Section 236(a)(2)(A) of the Trade Act of 1974 (19
10 U.S.C. 2296(a)(2)(A)) is amended by striking
11 “\$80,000,000” and all that follows through
12 “\$70,000,000” and inserting “\$110,000,000”.

13 **SEC. 118. AUTHORITY OF STATES WITH RESPECT TO COSTS**
14 **OF APPROVED TRAINING AND SUPPLE-**
15 **MENTAL ASSISTANCE.**

16 (a) COSTS OF APPROVED TRAINING.—Section 236(a)
17 of the Trade Act of 1974 (19 U.S.C. 2296(a)) is amended
18 by adding at the end the following new paragraph:

19 “(10) For purposes of carrying out paragraph (1)(F),
20 the Secretary shall authorize any cooperating State or
21 State agency to establish, pursuant to guidelines issued
22 by the Secretary, a uniform limit on the cost of training
23 to be paid from funds provided under this chapter that
24 may be approved by such State for an adversely affected
25 worker under this section.”.



1 (b) SUPPLEMENTAL ASSISTANCE.—Section 236(b) of
2 such Act (19 U.S.C. 2296(b)) is amended by inserting the
3 following sentence after the first sentence: “The Secretary
4 shall authorize any cooperating State or State agency to
5 take into account the cost of the training approved for
6 an adversely affected worker under subsection (a) in deter-
7 mining the appropriate amount of supplemental assistance
8 to be provided to such worker under this subsection.”.

9 **SEC. 119. PROVISION OF EMPLOYER-BASED TRAINING.**

10 (a) IN GENERAL.—Section 236(a)(5)(A) of the Trade
11 Act of 1974 (19 U.S.C. 2296(a)(5)(A)) is amended to read
12 as follows:

13 “(A) employer-based training, including—

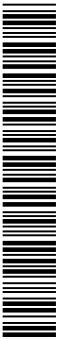
14 “(i) on-the-job training, and

15 “(ii) customized training,”.

16 (b) REIMBURSEMENT.—Section 236(c)(8) of such
17 Act (19 U.S.C. 2296(c)(8)) is amended to read as follows:

18 “(8) the employer is provided reimbursement of
19 not more than 50 percent of the wage rate of the
20 participant, for the cost of providing the training
21 and additional supervision related to the training,”.

22 (c) DEFINITION.—Section 236 of such Act (19
23 U.S.C. 2296) is amended by adding the following new sub-
24 section:



1 “(f) For purposes of this section, the term ‘cus-
2 tomized training’ means training that is—

3 “(1) designed to meet the special requirements
4 of an employer or group of employers;

5 “(2) conducted with a commitment by the em-
6 ployer or group of employers to employ an individual
7 upon successful completion of the training; and

8 “(3) for which the employer pays for a signifi-
9 cant portion (but in no case less than 50 percent)
10 of the cost of such training, as determined by the
11 Secretary.”.

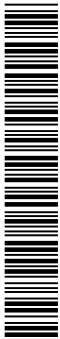
12 **SEC. 120. COORDINATION WITH TITLE I OF THE WORK-**
13 **FORCE INVESTMENT ACT OF 1998.**

14 (a) COORDINATION WITH ONE-STOP DELIVERY SYS-
15 TEMS IN THE PROVISION OF EMPLOYMENT SERVICES.—

16 Section 235 of the Trade Act of 1974 (19 U.S.C. 2295)
17 is amended by inserting before the period at the end of
18 the first sentence the following: “, including the services
19 provided through one-stop delivery systems described in
20 section 134(c) of the Workforce Investment Act of 1998
21 (29 U.S.C. 2864(c))”.

22 (b) COORDINATION WITH TITLE I OF THE WORK-
23 FORCE INVESTMENT ACT OF 1998.—

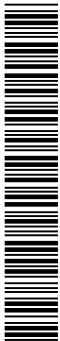
24 (1) IN GENERAL.—Section 239(e) of such Act
25 (19 U.S.C. 2311(e)) is amended to read as follows:



1 “(e) Any agreement entered into under this section
2 shall provide for the coordination of the administration of
3 the provisions for employment services, training, and sup-
4 plemental assistance under sections 235 and 236 of this
5 chapter with provisions relating to dislocated worker em-
6 ployment and training activities (including supportive
7 services) under chapter 5 of subtitle B of title I of the
8 Workforce Investment Act of 1998 (29 U.S.C. 2861 et
9 seq.) upon such terms and conditions, as established by
10 the Secretary after consultation with the States, that are
11 consistent with this section. Such terms and conditions
12 shall, at a minimum, include requirements that—

13 “(1) adversely affected workers applying for as-
14 sistance under this chapter be co-enrolled in the dis-
15 located worker program authorized under chapter 5
16 of subtitle B of title I of the Workforce Investment
17 Act of 1998;

18 “(2) training under section 236 shall be pro-
19 vided in accordance with the provisions relating to
20 consumer choice requirements and the use of indi-
21 vidual training accounts under subparagraphs (F)
22 and (G) of section 134(d)(4) of the Workforce In-
23 vestment Act of 1998 (29 U.S.C. 2864(d)(4)(F) and
24 (G)), including—



1 “(A) the requirement that only providers
2 eligible under section 122 of the Workforce In-
3 vestment Act of 1998 (29 U.S.C. 2842) shall be
4 eligible to provide training; and

5 “(B) that the exceptions to the use of indi-
6 vidual training accounts described in section
7 134(d)(4)(G)(ii) of such Act (29 U.S.C.
8 2864(d)(4)(G)(ii)) shall be applicable; and

9 “(3) common reporting systems and elements,
10 including common elements relating to participant
11 and performance data, shall be used by the program
12 authorized under this chapter and the dislocated
13 worker program authorized under chapter 5 of sub-
14 title B of title I of such Act.”.

15 (2) ADDITIONAL REQUIREMENT.—Section
16 239(g) of such Act (19 U.S.C. 2311(g)) is
17 amended—

18 (A) by inserting “(1)” after “(g)”; and

19 (B) by adding at the end the following new
20 paragraph:

21 “(2) The agreement under this section shall also pro-
22 vide that the cooperating State agency shall be a one-stop
23 partner as described in subparagraphs (A) and (B)(viii)
24 of section 121(b)(1) of the Workforce Investment Act of
25 1998 (29 U.S.C. 2841(b)(1)(A) and (B)(viii)) in the one-



1 stop delivery system established under section 134(c) of
2 such Act (29 U.S.C. 2864(c)) for the appropriate local
3 workforce investment areas, and shall carry out the re-
4 sponsibilities relating to such partners.”.

5 (3) CONFORMING AMENDMENTS.—Section
6 236(a)(1) of such Act (19 U.S.C. 2296(a)(1)) is
7 amended—

8 (A) in the matter preceding subparagraph
9 (A), by inserting “, pursuant to an interview,
10 evaluation, assessment, or case management of
11 the worker,” after “Secretary determines”; and

12 (B) in the second sentence of such para-
13 graph, by striking “, directly or through a
14 voucher system” and inserting “through indi-
15 vidual training accounts pursuant to the agree-
16 ment under section 239(e)(2)”.

17 **SEC. 121. EXPENDITURE PERIOD.**

18 Section 245 of the Trade Act of 1974 (19 U.S.C.
19 2317), as amended by section 111(a) of this Act, is further
20 amended—

21 (1) by striking “There are authorized” and in-
22 serting “(a) IN GENERAL.—There are authorized”;
23 and

24 (2) by adding at the end the following sub-
25 section:.



1 “(b) PERIOD OF EXPENDITURE.—Funds obligated
2 for any fiscal year to carry out activities under sections
3 235 through 238 may be expended by each State receiving
4 such funds during that fiscal year and the succeeding two
5 fiscal years.”.

6 **SEC. 122. DECLARATION OF POLICY; SENSE OF CONGRESS.**

7 (a) DECLARATION OF POLICY.—Congress reiterates
8 that, under the trade adjustment assistance program
9 under chapter 2 of title II of the Trade Act of 1974, work-
10 ers are eligible for transportation, childcare, and
11 healthcare assistance, as well as other related assistance
12 under programs administered by the Department of
13 Labor.

14 (b) SENSE OF CONGRESS.—It is the sense of Con-
15 gress that the Secretary of Labor, working independently
16 and in conjunction with the States, should, in accordance
17 with section 225 of the Trade Act of 1974, provide more
18 specific information about benefit allowances, training,
19 and other employment services, and the petition and appli-
20 cation procedures (including appropriate filing dates) for
21 such allowances, training, and services, under the trade
22 adjustment assistance program under chapter 2 of title
23 II of the Trade Act of 1974 to workers who are applying
24 for, or are certified to receive, assistance under that pro-



1 gram, including information on all other Federal assist-
2 ance available to such workers.

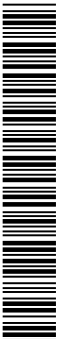
3 **TITLE II—CREDIT FOR HEALTH**
4 **INSURANCE COSTS OF ELIGI-**
5 **BLE INDIVIDUALS**

6 **SEC. 201. CREDIT FOR HEALTH INSURANCE COSTS OF INDI-**
7 **VIDUALS RECEIVING A TRADE READJUST-**
8 **MENT ALLOWANCE OR A BENEFIT FROM THE**
9 **PENSION BENEFIT GUARANTY CORPORA-**
10 **TION.**

11 (a) IN GENERAL.—Subpart C of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 (relating to refundable credits) is amended by redes-
14 ignating section 35 as section 36 and inserting after sec-
15 tion 34 the following new section:

16 **“SEC. 35. HEALTH INSURANCE COSTS OF ELIGIBLE INDI-**
17 **VIDUALS.**

18 “(a) IN GENERAL.—In the case of an individual,
19 there shall be allowed as a credit against the tax imposed
20 by subtitle A an amount equal to 60 percent of the amount
21 paid by the taxpayer for coverage of the taxpayer and
22 qualifying family members under qualified health insur-
23 ance for eligible coverage months beginning in the taxable
24 year.



1 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
2 GROSS INCOME.—For purposes of this section—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (2), if the modified adjusted gross income of
5 the taxpayer for the taxable year exceeds \$20,000,
6 the amount which would (but for this subsection and
7 subsection (h)(1)) be allowed as a credit under sub-
8 section (a) shall be reduced (but not below zero) by
9 the amount which bears the same ratio to the
10 amount which would be so allowed as such excess
11 bears to \$20,000.

12 “(2) FAMILY COVERAGE.—

13 “(A) SEPARATE APPLICATION OF LIMITA-
14 TION.—Paragraph (1) shall be applied sepa-
15 rately with respect to—

16 “(i) amounts paid for eligible coverage
17 months as of the first day of which one or
18 more qualifying family members are cov-
19 ered by the qualified health insurance cov-
20 ering the taxpayer, and

21 “(ii) amounts paid for other eligible
22 coverage months.

23 “(B) LIMITATION AMOUNT.—With respect
24 to amounts described in subparagraph (A)(i),



1 paragraph (1) shall be applied by substituting
2 ‘\$40,000’ for ‘\$20,000’ each place it appears.

3 “(3) MODIFIED ADJUSTED GROSS INCOME.—

4 The term ‘modified adjusted gross income’ means
5 adjusted gross income determined without regard to
6 sections 911, 931, and 933.

7 “(c) ELIGIBLE COVERAGE MONTH.—For purposes of
8 this section—

9 “(1) IN GENERAL.—The term ‘eligible coverage
10 month’ means any month if—

11 “(A) as of the first day of such month, the
12 taxpayer—

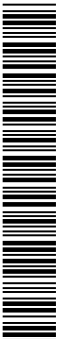
13 “(i) is an eligible individual,

14 “(ii) is covered by qualified health in-
15 surance, the premium for which is paid by
16 the taxpayer, and

17 “(iii) does not have other specified
18 coverage,

19 “(B) such month begins more than 90
20 days after the date of the enactment of the
21 Trade Act of 2002, and

22 “(C) in the case of any eligible TAA recipi-
23 ent, such month is designated under paragraph
24 (2).



1 “(2) DESIGNATION OF ELIGIBLE COVERAGE
2 MONTHS.—Any eligible TAA recipient may des-
3 ignate, with respect to any period of 36 months, not
4 more than 12 months of such period as eligible cov-
5 erage months.

6 “(3) JOINT RETURNS.—In the case of a joint
7 return, the requirements of paragraph (1)(A) shall
8 be treated as met with respect to any month if at
9 least 1 spouse satisfies such requirements.

10 “(d) ELIGIBLE INDIVIDUAL.—For purposes of this
11 section—

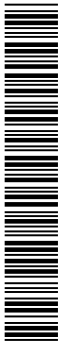
12 “(1) IN GENERAL.—The term ‘eligible indi-
13 vidual’ means—

14 “(A) an eligible TAA recipient, or

15 “(B) an eligible PBGC pension recipient.

16 “(2) ELIGIBLE TAA RECIPIENT.—The term ‘eli-
17 gible TAA recipient’ means, with respect to any
18 month, any individual—

19 “(A) who is receiving for any day of such
20 month a trade readjustment allowance under
21 part I of subchapter B, or subchapter D, of
22 chapter 2 of title II of the Trade Act of 1974
23 (19 U.S.C. 2291 et seq. or 2331 et seq.) or who
24 would be eligible to receive such allowance if
25 section 231 of such Act (19 U.S.C. 2291) were



1 applied without regard to subsection (a)(3)(B)
2 of such section, and

3 “(B) who, with respect to such allowance,
4 is covered under a certification issued—

5 “(i) under subchapter A or D of chap-
6 ter 2 of title II of the Trade Act of 1974
7 (19 U.S.C. 2271 et seq. or 2331 et seq.),
8 and

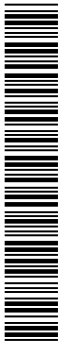
9 “(ii) after the date which is 90 days
10 after the date of the enactment of the
11 Trade Act of 2002.

12 An individual shall continue to be treated as an eli-
13 gible TAA recipient during the first month that such
14 individual would otherwise cease to be an eligible
15 TAA recipient.

16 “(3) ELIGIBLE PBGC PENSION RECIPIENT.—
17 The term ‘eligible PBGC pension recipient’ means,
18 with respect to any month, any individual who—

19 “(A) has attained age 55 as of the first
20 day of such month, and

21 “(B) is receiving a benefit for such month
22 any portion of which is paid by the Pension
23 Benefit Guaranty Corporation under title IV of
24 the Employee Retirement Income Security Act
25 of 1974.



1 “(e) QUALIFYING FAMILY MEMBER.—For purposes
2 of this section—

3 “(1) IN GENERAL.—The term ‘qualifying family
4 member’ means—

5 “(A) the taxpayer’s spouse, and

6 “(B) any dependent of the taxpayer with
7 respect to whom the taxpayer is entitled to a
8 deduction under section 151(c).

9 Such term does not include any individual who has
10 other specified coverage.

11 “(2) SPECIAL DEPENDENCY TEST IN CASE OF
12 DIVORCED PARENTS, ETC.—If paragraph (2) or (4)
13 of section 152(e) applies to any child with respect to
14 any calendar year, in the case of any taxable year
15 beginning in such calendar year, such child shall be
16 treated as described in paragraph (1)(B) with re-
17 spect to the custodial parent (within the meaning of
18 section 152(e)(1)) and not with respect to the non-
19 custodial parent.

20 “(f) QUALIFIED HEALTH INSURANCE.—For pur-
21 poses of this section, the term ‘qualified health insurance’
22 means insurance which constitutes medical care; except
23 that such term shall not include any insurance if substan-
24 tially all of its coverage is of excepted benefits described
25 in section 9832(c).



1 “(g) OTHER SPECIFIED COVERAGE.—

2 “(1) IN GENERAL.—For purposes of this sec-
3 tion, an individual has other specified coverage for
4 any month if, as of the first day of such month—

5 “(A) SUBSIDIZED COVERAGE.—Such indi-
6 vidual is covered under any qualified health in-
7 surance under any health plan maintained by
8 any employer (or former employer) of the tax-
9 payer or the taxpayer’s spouse and at least 50
10 percent of the cost of such coverage (deter-
11 mined under section 4980B) is paid or incurred
12 by the employer.

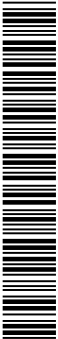
13 “(B) COVERAGE UNDER MEDICARE, MED-
14 ICAID, OR SCHIP.—Such individual—

15 “(i) is entitled to benefits under part
16 A of title XVIII of the Social Security Act
17 or is enrolled under part B of such title, or

18 “(ii) is enrolled in the program under
19 title XIX or XXI of such Act.

20 “(C) CERTAIN OTHER COVERAGE.—Such
21 individual—

22 “(i) is enrolled in a health benefits
23 plan under chapter 89 of title 5, United
24 States Code, or



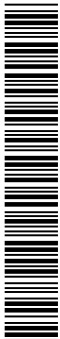
1 “(ii) is entitled to receive benefits
2 under chapter 55 of title 10, United States
3 Code.

4 “(2) SPECIAL RULES RELATED TO SUBSIDIZED
5 COVERAGE.—

6 “(A) EMPLOYER CONTRIBUTIONS TO CAFE-
7 TERIA PLANS, FLEXIBLE SPENDING ARRANGE-
8 MENTS, AND MEDICAL SAVINGS ACCOUNTS.—
9 Employer contributions to a cafeteria plan (as
10 defined in section 125(d)), a flexible spending
11 or similar arrangement, or a medical savings
12 account which are excluded from gross income
13 under section 106 shall be treated for purposes
14 of paragraph (1)(A) as paid by the employer.

15 “(B) AGGREGATION OF PLANS OF EM-
16 PLOYER.—A health plan which is not otherwise
17 described in paragraph (1)(A) shall be treated
18 as described in such paragraph if such plan
19 would be so described if all health plans of per-
20 sons treated as a single employer under sub-
21 section (b), (c), (m), or (o) of section 414 were
22 treated as one health plan.

23 “(3) IMMUNIZATIONS NOT TREATED AS MED-
24 ICAID COVERAGE.—For purposes of paragraph
25 (1)(B), an individual shall not be treated as enrolled



1 in the program under title XIX of the Social Secu-
2 rity Act solely on the basis of receiving a benefit
3 under section 1928 of such Act.

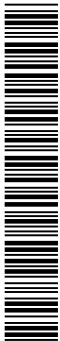
4 “(h) SPECIAL RULES.—

5 “(1) COORDINATION WITH ADVANCE PAYMENTS
6 OF CREDIT.—With respect to any taxable year, the
7 amount which would (but for this subsection) be al-
8 lowed as a credit to the taxpayer under subsection
9 (a) shall be reduced (but not below zero) by the ag-
10 gregate amount paid on behalf of such taxpayer
11 under section 7527 for months beginning in such
12 taxable year.

13 “(2) COORDINATION WITH OTHER DEDUC-
14 TIONS.—Amounts taken into account under sub-
15 section (a) shall not be taken into account in deter-
16 mining any deduction allowed under section 162(l)
17 or 213.

18 “(3) MSA DISTRIBUTIONS.—Amounts distrib-
19 uted from an Archer MSA (as defined in section
20 220(d)) shall not be taken into account under sub-
21 section (a).

22 “(4) DENIAL OF CREDIT TO DEPENDENTS.—No
23 credit shall be allowed under this section to any indi-
24 vidual with respect to whom a deduction under sec-
25 tion 151 is allowable to another taxpayer for a tax-



1 able year beginning in the calendar year in which
2 such individual's taxable year begins.

3 “(5) MARRIED COUPLES MUST FILE JOINT RE-
4 TURN.—If the taxpayer is married at the close of
5 the taxable year, the credit shall be allowed under
6 subsection (a) only if the taxpayer and his spouse
7 file a joint return for the taxable year.

8 “(6) MARITAL STATUS; CERTAIN MARRIED IN-
9 DIVIDUALS LIVING APART.—Rules similar to the
10 rules of paragraphs (3) and (4) of section 21(e)
11 shall apply for purposes of this section.

12 “(7) INSURANCE WHICH COVERS OTHER INDI-
13 VIDUALS.—For purposes of this section, rules simi-
14 lar to the rules of section 213(d)(6) shall apply with
15 respect to any contract for qualified health insurance
16 under which amounts are payable for coverage of an
17 individual other than the taxpayer and qualifying
18 family members.

19 “(8) TREATMENT OF PAYMENTS.—For pur-
20 poses of this section—

21 “(A) PAYMENTS BY SECRETARY.—Pay-
22 ments made by the Secretary on behalf of any
23 individual under section 7527 (relating to ad-
24 vance payment of credit for health insurance
25 costs of eligible TAA recipients) shall be treated



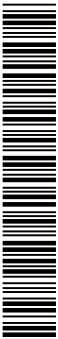
1 as having been made by the taxpayer on the
2 first day of the month for which such payment
3 was made.

4 “(B) PAYMENTS BY TAXPAYER.—Pay-
5 ments made by the taxpayer for eligible cov-
6 erage months shall be treated as having been
7 made by the taxpayer on the first day of the
8 month for which such payment was made.

9 “(9) REGULATIONS.—The Secretary may pre-
10 scribe such regulations and other guidance as may
11 be necessary or appropriate to carry out this section,
12 section 6050T, and section 7527.”.

13 (b) INCREASED ACCESS TO HEALTH INSURANCE FOR
14 INDIVIDUALS ELIGIBLE FOR TAX CREDIT THROUGH USE
15 OF GUARANTEED ISSUE, QUALIFIED HIGH RISK POOLS,
16 AND OTHER APPROPRIATE STATE MECHANISMS.—

17 (1) IN GENERAL.—Notwithstanding any other
18 provision of law, in applying section 2741 of the
19 Public Health Service Act (42 U.S.C. 300gg–41))
20 and any alternative State mechanism under section
21 2744 of such Act (42 U.S.C.300gg–44)), in deter-
22 mining who is an eligible individual (as defined in
23 section 2741(b) of such Act) in the case of an indi-
24 vidual who may be covered by insurance for which
25 credit is allowable under section 35 of the Internal



1 Revenue Code of 1986 for an eligible coverage
2 month, if the individual seeks to obtain health insur-
3 ance coverage under such section during an eligible
4 coverage month under such section—

5 (A) paragraph (1) of such section 2741(b)
6 shall be applied as if any reference to 18
7 months is deemed a reference to 12 months,
8 and

9 (B) paragraphs (4) and (5) of such section
10 2741(b) shall not apply.

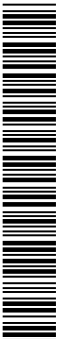
11 (2) PROMOTION OF STATE HIGH RISK POOLS.—
12 Title XXVII of the Public Health Service Act is
13 amended by inserting after section 2744 the fol-
14 lowing new section:

15 **“SEC. 2745. PROMOTION OF QUALIFIED HIGH RISK POOLS.**

16 “(a) SEED GRANTS TO STATES.—The Secretary shall
17 provide from the funds appropriated under subsection
18 (c)(1) a grant of up to \$1,000,000 to each State that has
19 not created a qualified high risk pool as of the date of
20 the enactment of this section for the State’s costs of cre-
21 ation and initial operation of such a pool.

22 “(b) MATCHING FUNDS FOR OPERATION OF
23 POOLS.—

24 “(1) IN GENERAL.—In the case of a State that
25 has established a qualified high risk pool that—



1 “(A) restricts premiums charged under the
2 pool to no more than 150 percent of the pre-
3 mium for applicable standard risk rates;

4 “(B) that offers a choice of two or more
5 coverage options through the pool; and

6 “(C) has in effect a mechanism reasonably
7 designed to ensure continued funding of losses
8 incurred by the State after the end of fiscal
9 year 2004 in connection with operation of the
10 pool;

11 the Secretary shall provide, from the funds appro-
12 priated under subsection (c)(2) and allotted to the
13 State under paragraph (2), a grant of up to 50 per-
14 cent of the losses incurred by the State in connec-
15 tion with the operation of the pool.

16 “(2) ALLOTMENT.—The amounts appropriated
17 under subsection (c)(2) for a fiscal year shall be
18 made available to the States in accordance with a
19 formula that is based upon the number of uninsured
20 individuals in the States.

21 “(3) CONSTRUCTION.—Nothing in this sub-
22 section shall be construed as preventing a State
23 from supplementing the funds made available under
24 this subsection for the support and operation of
25 qualified high risk pools.



1 “(c) FUNDING.—Out of any money in the Treasury
2 of the United States not otherwise appropriated, there are
3 appropriated—

4 “(1) \$20,000,000 for fiscal year 2003 to carry
5 out subsection (a); and

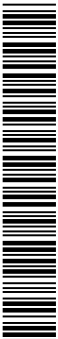
6 “(2) \$40,000,000 for each of fiscal years 2003
7 and 2004.

8 Funds appropriated under this subsection for a fiscal year
9 shall remain available for obligation through the end of
10 the following fiscal year. Nothing in this section shall be
11 construed as providing a State with an entitlement to a
12 grant under this section.

13 “(d) QUALIFIED HIGH RISK POOL AND STATE DE-
14 FINED.—For purposes of this section, the term ‘qualified
15 high risk pool’ has the meaning given such term in section
16 2744(c)(2) and the term ‘State’ means any of the 50
17 States and the District of Columbia.”.

18 (3) CONSTRUCTION.—Nothing in this sub-
19 section shall be construed as affecting the ability of
20 a State to use mechanisms, described in sections
21 2741(c) and 2744 of the Public Health Service Act,
22 as an alternative to applying the guaranteed avail-
23 ability provisions of section 2741(a) of such Act.

24 (c) CONFORMING AMENDMENTS.—



1 (1) Paragraph (2) of section 1324(b) of title
2 31, United States Code, is amended by inserting be-
3 fore the period “, or from section 35 of such Code”.

4 (2) The table of sections for subpart C of part
5 IV of chapter 1 of the Internal Revenue Code of
6 1986 is amended by striking the last item and in-
7 serting the following new items:

“Sec. 35. Health insurance costs of eligible individuals.

“Sec. 36. Overpayments of tax.”.

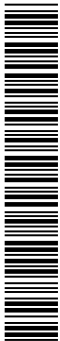
8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2001.

11 **SEC. 202. ADVANCE PAYMENT OF CREDIT FOR HEALTH IN-**
12 **SURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

13 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
14 enue Code of 1986 (relating to miscellaneous provisions)
15 is amended by adding at the end the following new section:

16 **“SEC. 7527. ADVANCE PAYMENT OF CREDIT FOR HEALTH**
17 **INSURANCE COSTS OF ELIGIBLE INDIVID-**
18 **UALS.**

19 “(a) GENERAL RULE.—Not later than July 1, 2003,
20 the Secretary shall establish a program for making pay-
21 ments on behalf of certified individuals to providers of
22 qualified health insurance (as defined in section 35(f)) for
23 such individuals.



1 “(b) LIMITATION ON ADVANCE PAYMENTS DURING
2 ANY TAXABLE YEAR.—

3 “(1) IN GENERAL.—The Secretary may make
4 payments under subsection (a) only to the extent
5 that the total amount of such payments made on be-
6 half of any individual during the taxable year does
7 not exceed such individual’s advance payment limita-
8 tion amount for such year.

9 “(2) ADVANCE PAYMENT LIMITATION
10 AMOUNT.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraph (B), with respect to any certified
13 individual, the advance payment limitation
14 amount for any taxable year shall be an amount
15 equal to the amount that such individual would
16 be allowed as a credit under section 35 for such
17 taxable year if such individual’s modified ad-
18 justed gross income (as defined in section
19 35(b)(3)) for such taxable year were an amount
20 equal to the amount of such individual’s modi-
21 fied adjusted gross income shown on the return
22 for the prior taxable year.

23 “(B) SUBSTITUTE AMOUNT.—For pur-
24 poses of this section, the Secretary may sub-
25 stitute an amount for an individual’s advance



1 payment limitation amount for any taxable year
2 if the Secretary determines that such substitute
3 amount more accurately reflects such individ-
4 ual's modified adjusted gross income for such
5 taxable year.

6 “(c) CERTIFIED INDIVIDUAL.—For purposes of this
7 section, the term ‘certified individual’ means any indi-
8 vidual for whom a qualified health insurance costs credit
9 eligibility certificate is in effect.

10 “(d) QUALIFIED HEALTH INSURANCE COSTS CREDIT
11 ELIGIBILITY CERTIFICATE.—For purposes of this section,
12 a qualified health insurance costs credit eligibility certifi-
13 cate is a statement certified by the Secretary of Labor
14 or the Pension Benefit Guaranty Corporation (or by any
15 other person or entity designated by the Secretary)
16 which—

17 “(1) certifies that the individual was an eligible
18 individual (within the meaning of section 35(d)) as
19 of the first day of any month, and

20 “(2) provides such other information as the
21 Secretary may require for purposes of this section.”.

22 (b) DISCLOSURE OF RETURN INFORMATION FOR
23 PURPOSES OF CARRYING OUT A PROGRAM FOR ADVANCE
24 PAYMENT OF CREDIT FOR HEALTH INSURANCE COSTS OF
25 ELIGIBLE INDIVIDUALS.—



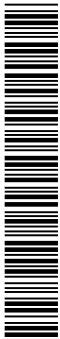
1 (1) IN GENERAL.—Subsection (l) of section
2 6103 of such Code (relating to disclosure of returns
3 and return information for purposes other than tax
4 administration) is amended by adding at the end the
5 following new paragraph:

6 “(18) DISCLOSURE OF RETURN INFORMATION
7 FOR PURPOSES OF CARRYING OUT A PROGRAM FOR
8 ADVANCE PAYMENT OF CREDIT FOR HEALTH INSUR-
9 ANCE COSTS OF ELIGIBLE INDIVIDUALS.—The Sec-
10 retary may disclose to providers of health insurance
11 for any certified individual (as defined in section
12 7527(c)) return information with respect to such
13 certified individual only to the extent necessary to
14 carry out the program established by section 7527
15 (relating to advance payment of health insurance
16 cost credit).”.

17 (2) PROCEDURES AND RECORDKEEPING RE-
18 LATED TO DISCLOSURES.—Subsection (p) of such
19 section is amended—

20 (A) in paragraph (3)(A) by striking “or
21 (17)” and inserting “(17), or (18)”, and

22 (B) in paragraph (4) by inserting “or
23 (17)” after “any other person described in sub-
24 section (l)(16)” each place it appears.



1 (3) UNAUTHORIZED INSPECTION OF RETURNS
2 OR RETURN INFORMATION.—Section
3 7213A(a)(1)(B) of such Code is amended by striking
4 “section 6103(n)” and inserting “subsection (l)(18)
5 or (n) of section 6103”.

6 (c) INFORMATION REPORTING.—

7 (1) IN GENERAL.—Subpart B of part III of
8 subchapter A of chapter 61 of the Internal Revenue
9 Code of 1986 (relating to information concerning
10 transactions with other persons) is amended by in-
11 serting after section 6050S the following new sec-
12 tion:

13 **“SEC. 6050T. RETURNS RELATING TO CREDIT FOR HEALTH**
14 **INSURANCE COSTS OF ELIGIBLE INDIVID-**
15 **UALS.**

16 “(a) REQUIREMENT OF REPORTING.—Every person
17 who is entitled to receive payments for any month of any
18 calendar year under section 7527 (relating to advance pay-
19 ment of credit for health insurance costs of eligible individ-
20 uals) with respect to any certified individual (as defined
21 in section 7527(c)) shall, at such time as the Secretary
22 may prescribe, make the return described in subsection (b)
23 with respect to each such individual.

24 “(b) FORM AND MANNER OF RETURNS.—A return
25 is described in this subsection if such return—



1 “(1) is in such form as the Secretary may pre-
2 scribe, and

3 “(2) contains—

4 “(A) the name, address, and TIN of each
5 individual referred to in subsection (a),

6 “(B) the number of months for which
7 amounts were entitled to be received with re-
8 spect to such individual under section 7527 (re-
9 lating to advance payment of credit for health
10 insurance costs of eligible individuals),

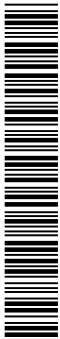
11 “(C) the amount entitled to be received for
12 each such month, and

13 “(D) such other information as the Sec-
14 retary may prescribe.

15 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
16 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
17 QUIRED.—Every person required to make a return under
18 subsection (a) shall furnish to each individual whose name
19 is required to be set forth in such return a written state-
20 ment showing—

21 “(1) the name and address of the person re-
22 quired to make such return and the phone number
23 of the information contact for such person, and

24 “(2) the information required to be shown on
25 the return with respect to such individual.



1 The written statement required under the preceding sen-
2 tence shall be furnished on or before January 31 of the
3 year following the calendar year for which the return
4 under subsection (a) is required to be made.”.

5 (2) ASSESSABLE PENALTIES.—

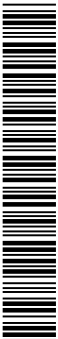
6 (A) Subparagraph (B) of section
7 6724(d)(1) of such Code (relating to defini-
8 tions) is amended by redesignating clauses (xi)
9 through (xvii) as clauses (xii) through (xviii),
10 respectively, and by inserting after clause (x)
11 the following new clause:

12 “(xi) section 6050T (relating to re-
13 turns relating to credit for health insur-
14 ance costs of eligible individuals),”.

15 (B) Paragraph (2) of section 6724(d) of
16 such Code is amended by striking “or” at the
17 end of subparagraph (Z), by striking the period
18 at the end of subparagraph (AA) and inserting
19 “, or”, and by adding after subparagraph (AA)
20 the following new subparagraph:

21 “(BB) section 6050T (relating to returns
22 relating to credit for health insurance costs of
23 eligible individuals).”.

24 (d) CLERICAL AMENDMENTS.—



1 (1) ADVANCE PAYMENT.—The table of sections
2 for chapter 77 of such Code is amended by adding
3 at the end the following new item:

 “Sec. 7527. Advance payment of credit for health insurance costs
 of eligible individuals.”.

4 (2) INFORMATION REPORTING.—The table of
5 sections for subpart B of part III of subchapter A
6 of chapter 61 of such Code is amended by inserting
7 after the item relating to section 6050S the fol-
8 lowing new item:

 “Sec. 6050T. Returns relating to credit for health insurance costs
 of eligible individuals.”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect on the date of the enactment
11 of this Act.

12 **TITLE III—CUSTOMS**
13 **REAUTHORIZATION**

14 **SEC. 301. SHORT TITLE.**

15 This Act may be cited as the “Customs Border Secu-
16 rity Act of 2002”.



1 **Subtitle A—United States Customs**
2 **Service**

3 **CHAPTER 1—DRUG ENFORCEMENT AND**
4 **OTHER NONCOMMERCIAL AND COM-**
5 **MERCIAL OPERATIONS**

6 **SEC. 311. AUTHORIZATION OF APPROPRIATIONS FOR NON-**
7 **COMMERCIAL OPERATIONS, COMMERCIAL**
8 **OPERATIONS, AND AIR AND MARINE INTER-**
9 **DICTION.**

10 (a) NONCOMMERCIAL OPERATIONS.—Section
11 301(b)(1) of the Customs Procedural Reform and Sim-
12 plification Act of 1978 (19 U.S.C. 2075(b)(1)) is
13 amended—

14 (1) in subparagraph (A) to read as follows:

15 “(A) \$899,121,000 for fiscal year 2002.”;

16 (2) in subparagraph (B) to read as follows:

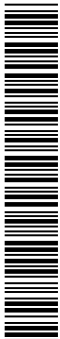
17 “(B) \$1,365,456,000 for fiscal year
18 2003.”; and

19 (3) by adding at the end the following:

20 “(C) \$1,399,592,400 for fiscal year
21 2004.”.

22 (b) COMMERCIAL OPERATIONS.—

23 (1) IN GENERAL.—Section 301(b)(2)(A) of the
24 Customs Procedural Reform and Simplification Act
25 of 1978 (19 U.S.C. 2075(b)(2)(A)) is amended—



1 (A) in clause (i) to read as follows:

2 “(i) \$1,606,068,000 for fiscal year 2002.”;

3 (B) in clause (ii) to read as follows:

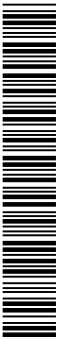
4 “(ii) \$1,642,602,000 for fiscal year
5 2003.”; and

6 (C) by adding at the end the following:

7 “(iii) \$1,683,667,050 for fiscal year
8 2004.”.

9 (2) AUTOMATED COMMERCIAL ENVIRONMENT
10 COMPUTER SYSTEM.—Of the amount made available
11 for each of fiscal years 2002 through 2004 under
12 section 301(b)(2)(A) of the Customs Procedural Re-
13 form and Simplification Act of 1978 (19 U.S.C.
14 2075(b)(2)(A)), as amended by paragraph (1),
15 \$308,000,000 shall be available until expended for
16 each such fiscal year for the development, establish-
17 ment, and implementation of the Automated Com-
18 mercial Environment computer system.

19 (3) REPORTS.—Not later than 90 days after
20 the date of the enactment of this Act, and not later
21 than each subsequent 90-day period, the Commis-
22 sioner of Customs shall prepare and submit to the
23 Committee on Ways and Means of the House of
24 Representatives and the Committee on Finance of
25 the Senate a report demonstrating that the develop-



1 ment and establishment of the Automated Commer-
2 cial Environment computer system is being carried
3 out in a cost-effective manner and meets the mod-
4 ernization requirements of title VI of the North
5 American Free Trade Agreement Implementation
6 Act.

7 (c) AIR AND MARINE INTERDICTION.—Section
8 301(b)(3) of the Customs Procedural Reform and Sim-
9 plification Act of 1978 (19 U.S.C. 2075(b)(3)) is
10 amended—

11 (1) in subparagraph (A) to read as follows:

12 “(A) \$177,860,000 for fiscal year 2002.”;

13 (2) in subparagraph (B) to read as follows:

14 “(B) \$170,829,000 for fiscal year 2003.”;

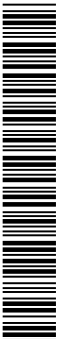
15 and

16 (3) by adding at the end the following:

17 “(C) \$175,099,725 for fiscal year 2004.”.

18 (d) SUBMISSION OF OUT-YEAR BUDGET PROJEC-
19 TIONS.—Section 301(a) of the Customs Procedural Re-
20 form and Simplification Act of 1978 (19 U.S.C. 2075(a))
21 is amended by adding at the end the following:

22 “(3) By not later than the date on which the Presi-
23 dent submits to Congress the budget of the United States
24 Government for a fiscal year, the Commissioner of Cus-
25 toms shall submit to the Committee on Ways and Means



1 of the House of Representatives and the Committee on
2 Finance of the Senate the projected amount of funds for
3 the succeeding fiscal year that will be necessary for the
4 operations of the Customs Service as provided for in sub-
5 section (b).”.

6 **SEC. 312. ANTITERRORIST AND ILLICIT NARCOTICS DETEC-**
7 **TION EQUIPMENT FOR THE UNITED STATES-**
8 **MEXICO BORDER, UNITED STATES-CANADA**
9 **BORDER, AND FLORIDA AND THE GULF**
10 **COAST SEAPORTS.**

11 (a) FISCAL YEAR 2002.—Of the amounts made avail-
12 able for fiscal year 2002 under section 301(b)(1)(A) of
13 the Customs Procedural Reform and Simplification Act of
14 1978 (19 U.S.C. 2075(b)(1)(A)), as amended by section
15 311(a) of this Act, \$90,244,000 shall be available until
16 expended for acquisition and other expenses associated
17 with implementation and deployment of antiterrorist and
18 illicit narcotics detection equipment along the United
19 States-Mexico border, the United States-Canada border,
20 and Florida and the Gulf Coast seaports, as follows:

21 (1) UNITED STATES-MEXICO BORDER.—For the
22 United States-Mexico border, the following:
23 (A) \$6,000,000 for 8 Vehicle and Con-
24 tainer Inspection Systems (VACIS).



1 (B) \$11,200,000 for 5 mobile truck x-rays
2 with transmission and backscatter imaging.

3 (C) \$13,000,000 for the upgrade of 8
4 fixed-site truck x-rays from the present energy
5 level of 450,000 electron volts to 1,000,000
6 electron volts (1-MeV).

7 (D) \$7,200,000 for 8 1-MeV pallet x-rays.

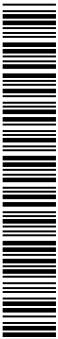
8 (E) \$1,000,000 for 200 portable contra-
9 band detectors (busters) to be distributed
10 among ports where the current allocations are
11 inadequate.

12 (F) \$600,000 for 50 contraband detection
13 kits to be distributed among all southwest bor-
14 der ports based on traffic volume.

15 (G) \$500,000 for 25 ultrasonic container
16 inspection units to be distributed among all
17 ports receiving liquid-filled cargo and to ports
18 with a hazardous material inspection facility.

19 (H) \$2,450,000 for 7 automated targeting
20 systems.

21 (I) \$360,000 for 30 rapid tire deflator sys-
22 tems to be distributed to those ports where port
23 runners are a threat.



1 (J) \$480,000 for 20 portable Treasury En-
2 forcement Communications Systems (TECS)
3 terminals to be moved among ports as needed.

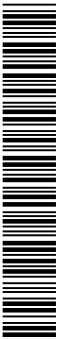
4 (K) \$1,000,000 for 20 remote watch sur-
5 veillance camera systems at ports where there
6 are suspicious activities at loading docks, vehi-
7 cle queues, secondary inspection lanes, or areas
8 where visual surveillance or observation is ob-
9 scured.

10 (L) \$1,254,000 for 57 weigh-in-motion
11 sensors to be distributed among the ports with
12 the greatest volume of outbound traffic.

13 (M) \$180,000 for 36 AM traffic informa-
14 tion radio stations, with 1 station to be located
15 at each border crossing.

16 (N) \$1,040,000 for 260 inbound vehicle
17 counters to be installed at every inbound vehicle
18 lane.

19 (O) \$950,000 for 38 spotter camera sys-
20 tems to counter the surveillance of customs in-
21 spection activities by persons outside the bound-
22 aries of ports where such surveillance activities
23 are occurring.



1 (P) \$390,000 for 60 inbound commercial
2 truck transponders to be distributed to all ports
3 of entry.

4 (Q) \$1,600,000 for 40 narcotics vapor and
5 particle detectors to be distributed to each bor-
6 der crossing.

7 (R) \$400,000 for license plate reader auto-
8 matic targeting software to be installed at each
9 port to target inbound vehicles.

10 (2) UNITED STATES-CANADA BORDER.—For the
11 United States-Canada border, the following:

12 (A) \$3,000,000 for 4 Vehicle and Con-
13 tainer Inspection Systems (VACIS).

14 (B) \$8,800,000 for 4 mobile truck x-rays
15 with transmission and backscatter imaging.

16 (C) \$3,600,000 for 4 1-MeV pallet x-rays.

17 (D) \$250,000 for 50 portable contraband
18 detectors (busters) to be distributed among
19 ports where the current allocations are inad-
20 equate.

21 (E) \$300,000 for 25 contraband detection
22 kits to be distributed among ports based on
23 traffic volume.



1 (F) \$240,000 for 10 portable Treasury
2 Enforcement Communications Systems (TECS)
3 terminals to be moved among ports as needed.

4 (G) \$400,000 for 10 narcotics vapor and
5 particle detectors to be distributed to each bor-
6 der crossing based on traffic volume.

7 (3) FLORIDA AND GULF COAST SEAPORTS.—
8 For Florida and the Gulf Coast seaports, the fol-
9 lowing:

10 (A) \$4,500,000 for 6 Vehicle and Con-
11 tainer Inspection Systems (VACIS).

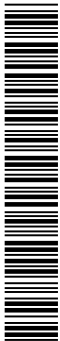
12 (B) \$11,800,000 for 5 mobile truck x-rays
13 with transmission and backscatter imaging.

14 (C) \$7,200,000 for 8 1-MeV pallet x-rays.

15 (D) \$250,000 for 50 portable contraband
16 detectors (busters) to be distributed among
17 ports where the current allocations are inad-
18 equate.

19 (E) \$300,000 for 25 contraband detection
20 kits to be distributed among ports based on
21 traffic volume.

22 (b) FISCAL YEAR 2003.—Of the amounts made avail-
23 able for fiscal year 2003 under section 301(b)(1)(B) of
24 the Customs Procedural Reform and Simplification Act of
25 1978 (19 U.S.C. 2075(b)(1)(B)), as amended by section



1 311(a) of this Act, \$9,000,000 shall be available until ex-
2 pended for the maintenance and support of the equipment
3 and training of personnel to maintain and support the
4 equipment described in subsection (a).

5 (c) ACQUISITION OF TECHNOLOGICALLY SUPERIOR
6 EQUIPMENT; TRANSFER OF FUNDS.—

7 (1) IN GENERAL.—The Commissioner of Cus-
8 toms may use amounts made available for fiscal year
9 2002 under section 301(b)(1)(A) of the Customs
10 Procedural Reform and Simplification Act of 1978
11 (19 U.S.C. 2075(b)(1)(A)), as amended by section
12 311(a) of this Act, for the acquisition of equipment
13 other than the equipment described in subsection (a)
14 if such other equipment—

15 (A)(i) is technologically superior to the
16 equipment described in subsection (a); and

17 (ii) will achieve at least the same results at
18 a cost that is the same or less than the equip-
19 ment described in subsection (a); or

20 (B) can be obtained at a lower cost than
21 the equipment described in subsection (a).

22 (2) TRANSFER OF FUNDS.—Notwithstanding
23 any other provision of this section, the Commissioner
24 of Customs may reallocate an amount not to exceed
25 10 percent of—



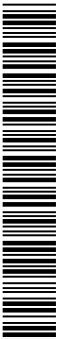
1 (A) the amount specified in any of sub-
2 paragraphs (A) through (R) of subsection
3 (a)(1) for equipment specified in any other of
4 such subparagraphs (A) through (R);

5 (B) the amount specified in any of sub-
6 paragraphs (A) through (G) of subsection
7 (a)(2) for equipment specified in any other of
8 such subparagraphs (A) through (G); and

9 (C) the amount specified in any of sub-
10 paragraphs (A) through (E) of subsection
11 (a)(3) for equipment specified in any other of
12 such subparagraphs (A) through (E).

13 **SEC. 313. COMPLIANCE WITH PERFORMANCE PLAN RE-**
14 **QUIREMENTS.**

15 As part of the annual performance plan for each of
16 the fiscal years 2002 and 2003 covering each program ac-
17 tivity set forth in the budget of the United States Customs
18 Service, as required under section 1115 of title 31, United
19 States Code, the Commissioner of Customs shall establish
20 performance goals, performance indicators, and comply
21 with all other requirements contained in paragraphs (1)
22 through (6) of subsection (a) of such section with respect
23 to each of the activities to be carried out pursuant to sec-
24 tion 312.



1 **CHAPTER 2—CHILD CYBER-SMUGGLING**
2 **CENTER OF THE CUSTOMS SERVICE**
3 **SEC. 321. AUTHORIZATION OF APPROPRIATIONS FOR PRO-**
4 **GRAM TO PREVENT CHILD PORNOGRAPHY/**
5 **CHILD SEXUAL EXPLOITATION.**

6 (a) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to the Customs Service
8 \$10,000,000 for fiscal year 2002 to carry out the program
9 to prevent child pornography/child sexual exploitation es-
10 tablished by the Child Cyber-Smuggling Center of the
11 Customs Service.

12 (b) USE OF AMOUNTS FOR CHILD PORNOGRAPHY
13 CYBER TIPLINE.—Of the amount appropriated under sub-
14 section (a), the Customs Service shall provide 3.75 percent
15 of such amount to the National Center for Missing and
16 Exploited Children for the operation of the child pornog-
17 raphy cyber tipline of the Center and for increased public
18 awareness of the tipline.

19 **CHAPTER 3—MISCELLANEOUS**
20 **PROVISIONS**

21 **SEC. 331. ADDITIONAL CUSTOMS SERVICE OFFICERS FOR**
22 **UNITED STATES-CANADA BORDER.**

23 Of the amount made available for fiscal year 2002
24 under paragraphs (1) and (2)(A) of section 301(b) of the
25 Customs Procedural Reform and Simplification Act of



1 1978 (19 U.S.C. 2075(b)), as amended by section 311 of
2 this Act, \$28,300,000 shall be available until expended for
3 the Customs Service to hire approximately 285 additional
4 Customs Service officers to address the needs of the of-
5 fices and ports along the United States-Canada border.

6 **SEC. 332. STUDY AND REPORT RELATING TO PERSONNEL**

7 **PRACTICES OF THE CUSTOMS SERVICE.**

8 (a) STUDY.—The Commissioner of Customs shall
9 conduct a study of current personnel practices of the Cus-
10 toms Service, including an overview of performance stand-
11 ards and the effect and impact of the collective bargaining
12 process on drug interdiction efforts of the Customs Service
13 and a comparison of duty rotation policies of the Customs
14 Service and other Federal agencies that employ similarly-
15 situated personnel.

16 (b) REPORT.—Not later than 120 days after the date
17 of the enactment of this Act, the Commissioner of Cus-
18 toms shall submit to the Committee on Ways and Means
19 of the House of Representatives and the Committee on
20 Finance of the Senate a report containing the results of
21 the study conducted under subsection (a).



1 **SEC. 333. STUDY AND REPORT RELATING TO ACCOUNTING**
2 **AND AUDITING PROCEDURES OF THE CUS-**
3 **TOMS SERVICE.**

4 (a) STUDY.—(1) The Commissioner of Customs shall
5 conduct a study of actions by the Customs Service to en-
6 sure that appropriate training is being provided to Cus-
7 toms Service personnel who are responsible for financial
8 auditing of importers.

9 (2) In conducting the study, the Commissioner—

10 (A) shall specifically identify those actions
11 taken to comply with provisions of law that protect
12 the privacy and trade secrets of importers, such as
13 section 552(b) of title 5, United States Code, and
14 section 1905 of title 18, United States Code; and

15 (B) shall provide for public notice and comment
16 relating to verification of the actions described in
17 subparagraph (A).

18 (b) REPORT.—Not later than 6 months after the date
19 of the enactment of this Act, the Commissioner of Cus-
20 toms shall submit to the Committee on Ways and Means
21 of the House of Representatives and the Committee on
22 Finance of the Senate a report containing the results of
23 the study conducted under subsection (a).

24 **SEC. 334. ESTABLISHMENT AND IMPLEMENTATION OF**
25 **COST ACCOUNTING SYSTEM; REPORTS.**

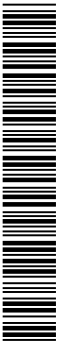
26 (a) ESTABLISHMENT AND IMPLEMENTATION.—



1 (1) IN GENERAL.—Not later than September
2 30, 2003, the Commissioner of Customs shall, in ac-
3 cordance with the audit of the Customs Service's fis-
4 cal years 2000 and 1999 financial statements (as
5 contained in the report of the Office of the Inspector
6 General of the Department of the Treasury issued
7 on February 23, 2001), establish and implement a
8 cost accounting system for expenses incurred in both
9 commercial and noncommercial operations of the
10 Customs Service.

11 (2) ADDITIONAL REQUIREMENT.—The cost ac-
12 counting system described in paragraph (1) shall
13 provide for an identification of expenses based on
14 the type of operation, the port at which the oper-
15 ation took place, the amount of time spent on the
16 operation by personnel of the Customs Service, and
17 an identification of expenses based on any other ap-
18 propriate classification necessary to provide for an
19 accurate and complete accounting of the expenses.

20 (b) REPORTS.—Beginning on the date of the enact-
21 ment of this Act and ending on the date on which the
22 cost accounting system described in subsection (a) is fully
23 implemented, the Commissioner of Customs shall prepare
24 and submit to Congress on a quarterly basis a report on



1 the progress of implementing the cost accounting system
2 pursuant to subsection (a).

3 **SEC. 335. STUDY AND REPORT RELATING TO TIMELINESS**
4 **OF PROSPECTIVE RULINGS.**

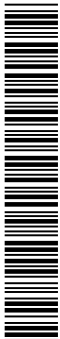
5 (a) STUDY.—The Comptroller General shall conduct
6 a study on the extent to which the Office of Regulations
7 and Rulings of the Customs Service has made improve-
8 ments to decrease the amount of time to issue prospective
9 rulings from the date on which a request for the ruling
10 is received by the Customs Service.

11 (b) REPORT.—Not later than 1 year after the date
12 of the enactment of this Act, the Comptroller General shall
13 submit to the Committee on Ways and Means of the
14 House of Representatives and the Committee on Finance
15 of the Senate a report containing the results of the study
16 conducted under subsection (a).

17 (c) DEFINITION.—In this section, the term “prospec-
18 tive ruling” means a ruling that is requested by an im-
19 porter on goods that are proposed to be imported into the
20 United States and that relates to the proper classification,
21 valuation, or marking of such goods.

22 **SEC. 336. STUDY AND REPORT RELATING TO CUSTOMS**
23 **USER FEES.**

24 (a) STUDY.—The Comptroller General shall conduct
25 a study on the extent to which the amount of each customs



1 user fee imposed under section 13031(a) of the Consoli-
2 dated Omnibus Budget Reconciliation Act of 1985 (19
3 U.S.C. 58c(a)) is commensurate with the level of services
4 provided by the Customs Service relating to the fee so im-
5 posed.

6 (b) REPORT.—Not later than 120 days after the date
7 of the enactment of this Act, the Comptroller General shall
8 submit to the Committee on Ways and Means of the
9 House of Representatives and the Committee on Finance
10 of the Senate a report in classified form containing—

11 (1) the results of the study conducted under
12 subsection (a); and

13 (2) recommendations for the appropriate
14 amount of the customs user fees if such results indi-
15 cate that the fees are not commensurate with the
16 level of services provided by the Customs Service.

17 **SEC. 337. FEES FOR CUSTOMS INSPECTIONS AT EXPRESS**
18 **COURIER FACILITIES.**

19 (a) IN GENERAL.—Section 13031(b)(9) of the Con-
20 solidated Omnibus Budget Reconciliation Act of 1985 (19
21 U.S.C. 58c(b)(9)) is amended as follows:

22 (1) In subparagraph (A)—

23 (A) in the matter preceding clause (i), by
24 striking “the processing of merchandise that is
25 informally entered or released” and inserting



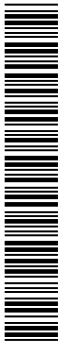
1 “the processing of letters, documents, records,
2 shipments, merchandise, or any other item that
3 is valued at an amount under \$2,000 (or such
4 higher amount as the Secretary may set by reg-
5 ulation pursuant to section 498 of the Tariff
6 Act of 1930), whether or not such items are in-
7 formally entered or released (except items en-
8 tered or released for immediate exportation),”;
9 and

10 (B) in clause (ii) to read as follows:

11 “(ii) In the case of an express consignment
12 carrier facility or centralized hub facility, \$.66
13 per individual airway bill or bill of lading.”.

14 (2) By redesignating subparagraph (B) as sub-
15 paragraph (C) and inserting after subparagraph (A)
16 the following:

17 “(B)(i) For fiscal year 2004 and subsequent
18 fiscal years, the Secretary of the Treasury may ad-
19 just (not more than once per fiscal year) the amount
20 described in subparagraph (A)(ii) to not less than
21 \$.35 but not more than \$1.00 per individual airway
22 bill or bill of lading. The Secretary shall provide no-
23 tice in the Federal Register of a proposed adjust-
24 ment under the preceding sentence and the reasons



1 therefor and shall allow for public comment on the
2 proposed adjustment.

3 “(ii) The payment required by subparagraph
4 (A)(ii) shall be the only payment required for reim-
5 bursement of the Customs Service in connection with
6 the processing of an individual airway bill or bill of
7 lading in accordance with such subparagraph, except
8 that the Customs Service may charge a fee to cover
9 expenses of the Customs Service for adequate office
10 space, equipment, furnishings, supplies, and secu-
11 rity.

12 “(iii)(I) The payment required by subparagraph
13 (A)(ii) and clause (ii) shall be paid on a quarterly
14 basis to the Customs Service in accordance with reg-
15 ulations prescribed by the Secretary of the Treasury.

16 “(II) 50 percent of the amount of payments re-
17 ceived under subparagraph (A)(ii) and clause (ii)
18 shall, in accordance with section 524 of the Tariff
19 Act of 1930, be deposited as a refund to the appro-
20 priation for the amount paid out of that appropria-
21 tion for the costs incurred in providing services to
22 express consignment carrier facilities or centralized
23 hub facilities. Amounts deposited in accordance with
24 the preceding sentence shall be available until ex-
25 pended for the provision of customs services to ex-



1 press consignment carrier facilities or centralized
2 hub facilities.

3 “(III) Notwithstanding section 524 of the Tar-
4 iff Act of 1930, the remaining 50 percent of the
5 amount of payments received under subparagraph
6 (A)(ii) and clause (ii) shall be paid to the Secretary
7 of the Treasury, which is in lieu of the payment of
8 fees under subsection (a)(10) of this section.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) take effect on October 1, 2002.

11 **SEC. 338. NATIONAL CUSTOMS AUTOMATION PROGRAM.**

12 Section 411(b) of the Tariff Act of 1930 (19 U.S.C.
13 1411(b)) is amended by striking the second sentence and
14 inserting the following: “The Secretary may, by regula-
15 tion, require the electronic submission of information de-
16 scribed in subsection (a) or any other information required
17 to be submitted to the Customs Service separately pursu-
18 ant to this subpart.”.

19 **CHAPTER 4—ANTITERRORISM**
20 **PROVISIONS**

21 **SEC. 341. IMMUNITY FOR UNITED STATES OFFICIALS THAT**
22 **ACT IN GOOD FAITH.**

23 (a) IMMUNITY.—Section 3061 of the Revised Stat-
24 utes (19 U.S.C. 482) is amended—



1 (1) by striking “Any of the officers” and insert-
2 ing “(a) Any of the officers”; and

3 (2) by adding at the end the following:

4 “(b) Any officer or employee of the United States
5 conducting a search of a person pursuant to subsection
6 (a) shall not be held liable for any civil damages as a result
7 of such search if the officer or employee performed the
8 search in good faith.”.

9 (b) REQUIREMENT TO POST POLICY AND PROCE-
10 DURES FOR SEARCHES OF PASSENGERS.—Not later than
11 30 days after the date of the enactment of this Act, the
12 Commissioner of the Customs Service shall ensure that at
13 each Customs border facility appropriate notice is posted
14 that provides a summary of the policy and procedures of
15 the Customs Service for searching passengers, including
16 a statement of the policy relating to the prohibition on
17 the conduct of profiling of passengers based on gender,
18 race, color, religion, or ethnic background.

19 **SEC. 342. EMERGENCY ADJUSTMENTS TO OFFICES, PORTS**
20 **OF ENTRY, OR STAFFING OF THE CUSTOMS**
21 **SERVICE.**

22 Section 318 of the Tariff Act of 1930 (19 U.S.C.
23 1318) is amended—

24 (1) by striking “Whenever the President” and
25 inserting “(a) Whenever the President”; and



1 (2) by adding at the end the following:

2 “(b)(1) Notwithstanding any other provision of law,
3 the Secretary of the Treasury, when necessary to respond
4 to a national emergency declared under the National
5 Emergencies Act (50 U.S.C. 1601 et seq.) or to a specific
6 threat to human life or national interests, is authorized
7 to take the following actions on a temporary basis:

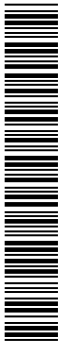
8 “(A) Eliminate, consolidate, or relocate any of-
9 fice or port of entry of the Customs Service.

10 “(B) Modify hours of service, alter services ren-
11 dered at any location, or reduce the number of em-
12 ployees at any location.

13 “(C) Take any other action that may be nec-
14 essary to directly respond to the national emergency
15 or specific threat.

16 “(2) Notwithstanding any other provision of law, the
17 Commissioner of Customs, when necessary to respond to
18 a specific threat to human life or national interests, is au-
19 thorized to close temporarily any Customs office or port
20 of entry or take any other lesser action that may be nec-
21 essary to respond to the specific threat.

22 “(3) The Secretary of the Treasury or the Commis-
23 sioner of Customs, as the case may be, shall notify the
24 Committee on Ways and Means of the House of Rep-
25 resentatives and the Committee on Finance of the Senate



1 not later than 72 hours after taking any action under
2 paragraph (1) or (2).”.

3 **SEC. 343. MANDATORY ADVANCED ELECTRONIC INFORMA-**
4 **TION FOR CARGO AND PASSENGERS.**

5 (a) CARGO INFORMATION.—

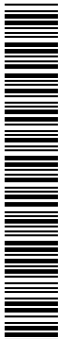
6 (1) IN GENERAL.—Section 431(b) of the Tariff
7 Act of 1930 (19 U.S.C. 1431(b)) is amended—

8 (A) in the first sentence, by striking “Any
9 manifest” and inserting “(1) Any manifest”;
10 and

11 (B) by adding at the end the following:

12 “(2)(A) In addition to any other requirement under
13 this section, for each land, air, or vessel carrier required
14 to make entry under the customs laws of the United
15 States, the pilot, the master, operator, or owner of such
16 carrier (or the authorized agent of such operator or owner)
17 shall provide by electronic transmission cargo manifest in-
18 formation in advance of such entry in such manner, time,
19 and form as prescribed under regulations by the Sec-
20 retary. The Secretary may exclude any class of land, air,
21 or vessel carrier for which the Secretary concludes the re-
22 quirements of this subparagraph are not necessary.

23 “(B) The Secretary shall cooperate with other appro-
24 priate Federal departments and agencies for the purpose
25 of providing to such departments and agencies as soon as



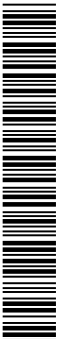
1 practicable cargo manifest information obtained pursuant
2 to subparagraph (A). In carrying out the preceding sen-
3 tence, the Secretary, to the maximum extent practicable,
4 shall protect the privacy and property rights with respect
5 to the cargo involved.”.

6 (2) CONFORMING AMENDMENTS.—Subpara-
7 graphs (A) and (C) of section 431(d)(1) of such Act
8 are each amended by inserting before the semicolon
9 “or subsection (b)(2)”.

10 (b) PASSENGER INFORMATION.—Part II of title IV
11 of the Tariff Act of 1930 (19 U.S.C. 1431 et seq.) is
12 amended by inserting after section 431 the following:

13 **“SEC. 432. PASSENGER AND CREW INFORMATION RE-**
14 **QUIRED FOR LAND, AIR, OR VESSEL CAR-**
15 **RIERS.**

16 “(a) IN GENERAL.—For every person arriving or de-
17 parting on a land, air, or vessel carrier required to make
18 entry or obtain clearance under the customs laws of the
19 United States, the pilot, the master, operator, or owner
20 of such carrier (or the authorized agent of such operator
21 or owner) shall provide by electronic transmission informa-
22 tion described in subsection (b) in advance of such entry
23 or clearance in such manner, time, and form as prescribed
24 under regulations by the Secretary.



1 “(b) INFORMATION DESCRIBED.—The information
2 described in this subsection shall include for each person
3 described in subsection (a), if applicable, the person’s—

4 “(1) full name;

5 “(2) date of birth and citizenship;

6 “(3) gender;

7 “(4) passport number and country of issuance;

8 “(5) United States visa number or resident
9 alien card number;

10 “(6) passenger name record; and

11 “(7) such additional information that the Sec-
12 retary, by regulation, determines is reasonably nec-
13 essary to ensure aviation and maritime safety pursu-
14 ant to the laws enforced or administered by the Cus-
15 toms Service.

16 “(c) SHARING OF INFORMATION.—The Secretary
17 shall cooperate with other appropriate Federal depart-
18 ments and agencies for the purpose of providing to such
19 departments and agencies as soon as practicable electronic
20 transmission information obtained pursuant to subsection
21 (a). In carrying out the preceding sentence, the Secretary,
22 to the maximum extent practicable, shall protect the pri-
23 vacy rights of the person with respect to which the infor-
24 mation relates.”.



1 (c) DEFINITION.—Section 401 of the Tariff Act of
2 1930 (19 U.S.C. 1401) is amended by adding at the end
3 the following:

4 “(t) The term ‘land, air, or vessel carrier’ means a
5 land, air, or vessel carrier, as the case may be, that trans-
6 ports goods or passengers for payment or other consider-
7 ation, including money or services rendered.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect beginning 45 days after the
10 date of the enactment of this Act.

11 **SEC. 344. BORDER SEARCH AUTHORITY FOR CERTAIN CON-**
12 **TRABAND IN OUTBOUND MAIL.**

13 The Tariff Act of 1930 is amended by inserting after
14 section 582 the following:

15 **“SEC. 583. EXAMINATION OF OUTBOUND MAIL.**

16 “(a) EXAMINATION.—

17 “(1) IN GENERAL.—For purposes of ensuring
18 compliance with the Customs laws of the United
19 States and other laws enforced by the Customs Serv-
20 ice, including the provisions of law described in
21 paragraph (2), a Customs officer may, subject to the
22 provisions of this section, stop and search at the
23 border, without a search warrant, mail of domestic
24 origin transmitted for export by the United States
25 Postal Service and foreign mail transiting the



1 United States that is being imported or exported by
2 the United States Postal Service.

3 “(2) PROVISIONS OF LAW DESCRIBED.—The
4 provisions of law described in this paragraph are the
5 following:

6 “(A) Section 5316 of title 31, United
7 States Code (relating to reports on exporting
8 and importing monetary instruments).

9 “(B) Sections 1461, 1463, 1465, and 1466
10 and chapter 110 of title 18, United States Code
11 (relating to obscenity and child pornography).

12 “(C) Section 1003 of the Controlled Sub-
13 stances Import and Export Act (21 U.S.C. 953;
14 relating to exportation of controlled sub-
15 stances).

16 “(D) The Export Administration Act of
17 1979 (50 U.S.C. app. 2401 et seq.).

18 “(E) Section 38 of the Arms Export Con-
19 trol Act (22 U.S.C. 2778).

20 “(F) The International Emergency Eco-
21 nomic Powers Act (50 U.S.C. 1701 et seq.).

22 “(b) SEARCH OF MAIL NOT SEALED AGAINST IN-
23 SPECTION AND OTHER MAIL.—Mail not sealed against in-
24 spection under the postal laws and regulations of the
25 United States, mail which bears a customs declaration,



1 and mail with respect to which the sender or addressee
2 has consented in writing to search, may be searched by
3 a Customs officer.

4 “(c) SEARCH OF MAIL SEALED AGAINST INSPEC-
5 TION.—(1) Mail sealed against inspection under the postal
6 laws and regulations of the United States may be searched
7 by a Customs officer, subject to paragraph (2), upon rea-
8 sonable cause to suspect that such mail contains one or
9 more of the following:

10 “(A) Monetary instruments, as defined in sec-
11 tion 1956 of title 18, United States Code.

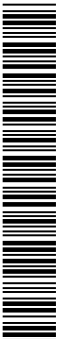
12 “(B) A weapon of mass destruction, as defined
13 in section 2332a(b) of title 18, United States Code.

14 “(C) A drug or other substance listed in sched-
15 ule I, II, III, or IV in section 202 of the Controlled
16 Substances Act (21 U.S.C. 812).

17 “(D) National defense and related information
18 transmitted in violation of any of sections 793
19 through 798 of title 18, United States Code.

20 “(E) Merchandise mailed in violation of section
21 1715 or 1716 of title 18, United States Code.

22 “(F) Merchandise mailed in violation of any
23 provision of chapter 71 (relating to obscenity) or
24 chapter 110 (relating to sexual exploitation and



1 other abuse of children) of title 18, United States
2 Code.

3 “(G) Merchandise mailed in violation of the Ex-
4 port Administration Act of 1979 (50 U.S.C. app.
5 2401 et seq.).

6 “(H) Merchandise mailed in violation of section
7 38 of the Arms Export Control Act (22 U.S.C.
8 2778).

9 “(I) Merchandise mailed in violation of the
10 International Emergency Economic Powers Act (50
11 U.S.C. 1701 et seq.).

12 “(J) Merchandise mailed in violation of the
13 Trading with the Enemy Act (50 U.S.C. app. 1 et
14 seq.).

15 “(K) Merchandise subject to any other law en-
16 forced by the Customs Service.

17 “(2) No person acting under authority of paragraph
18 (1) shall read, or authorize any other person to read, any
19 correspondence contained in mail sealed against inspection
20 unless prior to so reading—

21 “(A) a search warrant has been issued pursuant
22 to Rule 41, Federal Rules of Criminal Procedure; or

23 “(B) the sender or addressee has given written
24 authorization for such reading.”.



1 **SEC. 345. AUTHORIZATION OF APPROPRIATIONS FOR REES-**
2 **TABLISHMENT OF CUSTOMS OPERATIONS IN**
3 **NEW YORK CITY.**

4 (a) AUTHORIZATION OF APPROPRIATIONS.—

5 (1) IN GENERAL.—There is authorized to be
6 appropriated for the reestablishment of operations of
7 the Customs Service in New York, New York, such
8 sums as may be necessary for fiscal year 2002.

9 (2) OPERATIONS DESCRIBED.—The operations
10 referred to in paragraph (1) include, but are not
11 limited to, the following:

12 (A) Operations relating to the Port Direc-
13 tor of New York City, the New York Customs
14 Management Center (including the Director of
15 Field Operations), and the Special Agent-In-
16 Charge for New York.

17 (B) Commercial operations, including tex-
18 tile enforcement operations and salaries and ex-
19 penses of—

20 (i) trade specialists who determine the
21 origin and value of merchandise;

22 (ii) analysts who monitor the entry
23 data into the United States of textiles and
24 textile products; and



1 (iii) Customs officials who work with
2 foreign governments to examine textile
3 makers and verify entry information.

4 (b) AVAILABILITY.—Amounts appropriated pursuant
5 to the authorization of appropriations under subsection (a)
6 are authorized to remain available until expended.

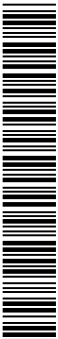
7 **CHAPTER 5—TEXTILE TRANSSHIPMENT**
8 **PROVISIONS**

9 **SEC. 351. GAO AUDIT OF TEXTILE TRANSSHIPMENT MONI-**
10 **TORING BY CUSTOMS SERVICE.**

11 (a) GAO AUDIT.—The Comptroller General of the
12 United States shall conduct an audit of the system estab-
13 lished and carried out by the Customs Service to monitor
14 textile transshipment.

15 (b) REPORT.—Not later than 9 months after the date
16 of enactment of this Act, the Comptroller General shall
17 submit to the Committee on Ways and Means of the
18 House of Representatives and Committee on Finance of
19 the Senate a report that contains the results of the study
20 conducted under subsection (a), including recommenda-
21 tions for improvements to the transshipment monitoring
22 system if applicable.

23 (c) TRANSSHIPMENT DESCRIBED.—Transshipment
24 within the meaning of this section has occurred when pref-
25 erential treatment under any provision of law has been



1 claimed for a textile or apparel article on the basis of ma-
2 terial false information concerning the country of origin,
3 manufacture, processing, or assembly of the article or any
4 of its components. For purposes of the preceding sentence,
5 false information is material if disclosure of the true infor-
6 mation would mean or would have meant that the article
7 is or was ineligible for preferential treatment under the
8 provision of law in question.

9 **SEC. 352. AUTHORIZATION OF APPROPRIATIONS FOR TEX-**
10 **TILE TRANSSHIPMENT ENFORCEMENT OPER-**
11 **ATIONS.**

12 (a) AUTHORIZATION OF APPROPRIATIONS.—

13 (1) IN GENERAL.—There is authorized to be
14 appropriated for textile transshipment enforcement
15 operations of the Customs Service \$9,500,000 for
16 fiscal year 2002.

17 (2) AVAILABILITY.—Amounts appropriated pur-
18 suant to the authorization of appropriations under
19 paragraph (1) are authorized to remain available
20 until expended.

21 (b) USE OF FUNDS.—Of the amount appropriated
22 pursuant to the authorization of appropriations under sub-
23 section (a), the following amounts are authorized to be
24 made available for the following purposes:



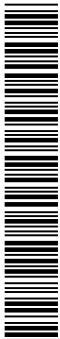
1 (1) IMPORT SPECIALISTS.—\$1,463,000 for 21
2 Customs import specialists to be assigned to selected
3 ports for documentation review to support detentions
4 and exclusions and 1 additional Customs import spe-
5 cialist assigned to the Customs headquarters textile
6 program to administer the program and provide
7 oversight.

8 (2) INSPECTORS.—\$652,080 for 10 Customs
9 inspectors to be assigned to selected ports to exam-
10 ine targeted high-risk shipments.

11 (3) INVESTIGATORS.—(A) \$1,165,380 for 10
12 investigators to be assigned to selected ports to in-
13 vestigate instances of smuggling, quota and trade
14 agreement circumvention, and use of counterfeit
15 visas to enter inadmissible goods.

16 (B) \$149,603 for 1 investigator to be assigned
17 to Customs headquarters textile program to coordi-
18 nate and ensure implementation of textile production
19 verification team results from an investigation per-
20 spective.

21 (4) INTERNATIONAL TRADE SPECIALISTS.—
22 \$226,500 for 3 international trade specialists to be
23 assigned to Customs headquarters to be dedicated to
24 illegal textile transshipment policy issues and other
25 free trade agreement enforcement issues.



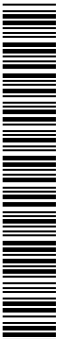
1 (5) PERMANENT IMPORT SPECIALISTS FOR
2 HONG KONG.—\$500,000 for 2 permanent import
3 specialist positions and \$500,000 for 2 investigators
4 to be assigned to Hong Kong to work with Hong
5 Kong and other government authorities in Southeast
6 Asia to assist such authorities pursue proactive en-
7 forcement of bilateral trade agreements.

8 (6) VARIOUS PERMANENT TRADE POSITIONS.—
9 \$3,500,000 for the following:

10 (A) 2 permanent positions to be assigned
11 to the Customs attaché office in Central Amer-
12 ica to address trade enforcement issues for that
13 region.

14 (B) 2 permanent positions to be assigned
15 to the Customs attaché office in South Africa to
16 address trade enforcement issues pursuant to
17 the African Growth and Opportunity Act (title
18 I of Public Law 106–200).

19 (C) 4 permanent positions to be assigned
20 to the Customs attaché office in Mexico to ad-
21 dress the threat of illegal textile transshipment
22 through Mexico and other related issues under
23 the North American Free Trade Agreement
24 Act.



1 (D) 2 permanent positions to be assigned
2 to the Customs attaché office in Seoul, South
3 Korea, to address the trade issues in the geo-
4 graphic region.

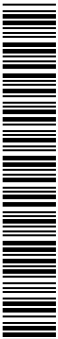
5 (E) 2 permanent positions to be assigned
6 to the proposed Customs attaché office in New
7 Delhi, India, to address the threat of illegal tex-
8 tile transshipment and other trade enforcement
9 issues.

10 (F) 2 permanent positions to be assigned
11 to the Customs attaché office in Rome, Italy, to
12 address trade enforcement issues in the geo-
13 graphic region, including issues under free
14 trade agreements with Jordan and Israel.

15 (7) ATTORNEYS.—\$179,886 for 2 attorneys for
16 the Office of the Chief Counsel of the Customs Serv-
17 ice to pursue cases regarding illegal textile trans-
18 shipment.

19 (8) AUDITORS.—\$510,000 for 6 Customs audi-
20 tors to perform internal control reviews and docu-
21 ment and record reviews of suspect importers.

22 (9) ADDITIONAL TRAVEL FUNDS.—\$250,000
23 for deployment of additional textile production ver-
24 ification teams to sub-Saharan Africa.



1 (10) TRAINING.—(A) \$75,000 for training of
2 Customs personnel.

3 (B) \$200,000 for training for foreign counter-
4 parts in risk management analytical techniques and
5 for teaching factory inspection techniques, model law
6 Development, and enforcement techniques.

7 (11) OUTREACH.—\$60,000 for outreach efforts
8 to United States importers.

9 **SEC. 353. IMPLEMENTATION OF THE AFRICAN GROWTH**
10 **AND OPPORTUNITY ACT.**

11 Of the amount made available for fiscal year 2002
12 under section 301(b)(2)(A) of the Customs Procedural Re-
13 form and Simplification Act of 1978 (19 U.S.C.
14 2075(b)(2)(A)), as amended by section 311(b)(1) of this
15 Act, \$1,317,000 shall be available until expended for the
16 Customs Service to provide technical assistance to help
17 sub-Saharan Africa countries develop and implement ef-
18 fective visa and anti-transshipment systems as required by
19 the African Growth and Opportunity Act (title I of Public
20 Law 106–200), as follows:

21 (1) TRAVEL FUNDS.—\$600,000 for import spe-
22 cialists, special agents, and other qualified Customs
23 personnel to travel to sub-Saharan Africa countries
24 to provide technical assistance in developing and im-



1 plementing effective visa and anti-transshipment sys-
2 tems.

3 (2) IMPORT SPECIALISTS.—\$266,000 for 4 im-
4 port specialists to be assigned to Customs head-
5 quarters to be dedicated to providing technical as-
6 sistance to sub-Saharan African countries for devel-
7 oping and implementing effective visa and anti-
8 transshipment systems.

9 (3) DATA RECONCILIATION ANALYSTS.—
10 \$151,000 for 2 data reconciliation analysts to review
11 apparel shipments.

12 (4) SPECIAL AGENTS.—\$300,000 for 2 special
13 agents to be assigned to Customs headquarters to be
14 available to provide technical assistance to sub-Saha-
15 ran African countries in the performance of inves-
16 tigations and other enforcement initiatives.

17 **Subtitle B—Office of the United**
18 **States Trade Representative**

19 **SEC. 361. AUTHORIZATION OF APPROPRIATIONS.**

20 (a) IN GENERAL.—Section 141(g)(1) of the Trade
21 Act of 1974 (19 U.S.C. 2171(g)(1)) is amended—

22 (1) in subparagraph (A)—

23 (A) in the matter preceding clause (i), by
24 striking “not to exceed”;

25 (B) in clause (i) to read as follows:



1 “(i) \$30,000,000 for fiscal year 2002.”;

2 (C) in clause (ii) to read as follows:

3 “(ii) \$32,300,000 for fiscal year 2003.”; and

4 (D) by adding at the end the following:

5 “(iii) \$33,108,000 for fiscal year 2004.”; and

6 (2) in subparagraph (B)—

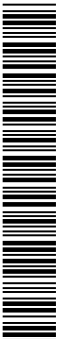
7 (A) in clause (i), by adding “and” at the
8 end;

9 (B) by striking clause (ii); and

10 (C) by redesignating clause (iii) as clause
11 (ii).

12 (b) SUBMISSION OF OUT-YEAR BUDGET PROJEC-
13 TIONS.—Section 141(g) of the Trade Act of 1974 (19
14 U.S.C. 2171(g)) is amended by adding at the end the fol-
15 lowing:

16 “(3) By not later than the date on which the Presi-
17 dent submits to Congress the budget of the United States
18 Government for a fiscal year, the United States Trade
19 Representative shall submit to the Committee on Ways
20 and Means of the House of Representatives and the Com-
21 mittee on Finance of the Senate the projected amount of
22 funds for the succeeding fiscal year that will be necessary
23 for the Office to carry out its functions.”.



1 (c) ADDITIONAL STAFF FOR OFFICE OF ASSISTANT
2 U.S. TRADE REPRESENTATIVE FOR CONGRESSIONAL AF-
3 FAIRS.—

4 (1) IN GENERAL.—There is authorized to be
5 appropriated such sums as may be necessary for fis-
6 cal year 2002 for the salaries and expenses of two
7 additional legislative specialist employee positions
8 within the Office of the Assistant United States
9 Trade Representative for Congressional Affairs.

10 (2) AVAILABILITY.—Amounts appropriated pur-
11 suant to the authorization of appropriations under
12 paragraph (1) are authorized to remain available
13 until expended.

14 **Subtitle C—United States**
15 **International Trade Commission**

16 **SEC. 371. AUTHORIZATION OF APPROPRIATIONS.**

17 (a) IN GENERAL.—Section 330(e)(2)(A) of the Tariff
18 Act of 1930 (19 U.S.C. 1330(e)(2)) is amended—

19 (1) in clause (i) to read as follows:

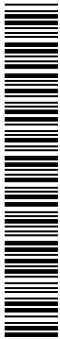
20 “(i) \$51,440,000 for fiscal year 2002.”;

21 (2) in clause (ii) to read as follows:

22 “(ii) \$54,000,000 for fiscal year 2003.”; and

23 (3) by adding at the end the following:

24 “(iii) \$57,240,000 for fiscal year 2004.”.



1 (b) SUBMISSION OF OUT-YEAR BUDGET PROJEC-
2 TIONS.—Section 330(e) of the Tariff Act of 1930 (19
3 U.S.C. 1330(e)(2)) is amended by adding at the end the
4 following:

5 “(4) By not later than the date on which the Presi-
6 dent submits to Congress the budget of the United States
7 Government for a fiscal year, the Commission shall submit
8 to the Committee on Ways and Means of the House of
9 Representatives and the Committee on Finance of the
10 Senate the projected amount of funds for the succeeding
11 fiscal year that will be necessary for the Commission to
12 carry out its functions.”.

13 **Subtitle D—Other trade provisions**

14 **SEC. 381. INCREASE IN AGGREGATE VALUE OF ARTICLES**

15 **EXEMPT FROM DUTY ACQUIRED ABROAD BY**

16 **UNITED STATES RESIDENTS.**

17 (a) IN GENERAL.—Subheading 9804.00.65 of the
18 Harmonized Tariff Schedule of the United States is
19 amended in the article description column by striking
20 “\$400” and inserting “\$800”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 subsection (a) shall take effect 90 days after the date of
23 the enactment of this Act.

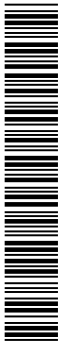


1 **SEC. 382. REGULATORY AUDIT PROCEDURES.**

2 Section 509(b) of the Tariff Act of 1930 (19 U.S.C.
3 1509(b)) is amended by adding at the end the following:

4 “(6)(A) If during the course of any audit con-
5 cluded under this subsection, the Customs Service
6 identifies overpayments of duties or fees or over-dec-
7 larations of quantities or values that are within the
8 time period and scope of the audit that the Customs
9 Service has defined, then in calculating the loss of
10 revenue or monetary penalties under section 592,
11 the Customs Service shall treat the overpayments or
12 over-declarations on finally liquidated entries as an
13 offset to any underpayments or underdeclarations
14 also identified on finally liquidated entries if such
15 overpayments or over-declarations were not made by
16 the person being audited for the purpose of violating
17 any provision of law.

18 “(B) Nothing in this paragraph shall be con-
19 strued to authorize a refund not otherwise author-
20 ized under section 520.”.



1 **DIVISION B—BIPARTISAN TRADE**
2 **PROMOTION AUTHORITY**
3 **TITLE XXI—TRADE PROMOTION**
4 **AUTHORITY**

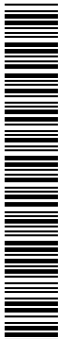
5 **SEC. 2101. SHORT TITLE AND FINDINGS.**

6 (a) SHORT TITLE.—This title may be cited as the
7 “Bipartisan Trade Promotion Authority Act of 2002”.

8 (b) FINDINGS.—The Congress makes the following
9 findings:

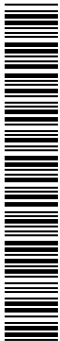
10 (1) The expansion of international trade is vital
11 to the national security of the United States. Trade
12 is critical to the economic growth and strength of
13 the United States and to its leadership in the world.
14 Stable trading relationships promote security and
15 prosperity. Trade agreements today serve the same
16 purposes that security pacts played during the Cold
17 War, binding nations together through a series of
18 mutual rights and obligations. Leadership by the
19 United States in international trade fosters open
20 markets, democracy, and peace throughout the
21 world.

22 (2) The national security of the United States
23 depends on its economic security, which in turn is
24 founded upon a vibrant and growing industrial base.
25 Trade expansion has been the engine of economic



1 growth. Trade agreements maximize opportunities
2 for the critical sectors and building blocks of the
3 economy of the United States, such as information
4 technology, telecommunications and other leading
5 technologies, basic industries, capital equipment,
6 medical equipment, services, agriculture, environ-
7 mental technology, and intellectual property. Trade
8 will create new opportunities for the United States
9 and preserve the unparalleled strength of the United
10 States in economic, political, and military affairs.
11 The United States, secured by expanding trade and
12 economic opportunities, will meet the challenges of
13 the twenty-first century.

14 (3) At the same time, the recent pattern of de-
15 cisions by dispute settlement panels and the Appel-
16 late Body of the World Trade Organization to im-
17 pose obligations and restrictions on the use of anti-
18 dumping and countervailing measures by WTO
19 members under the Antidumping Agreement and the
20 Agreement on Subsidies and Countervailing Meas-
21 ures has raised concerns, and Congress is concerned
22 that dispute settlement panels and the Appellate
23 Body of the WTO appropriately apply the standard
24 of review contained in Article 17.6 of the Anti-
25 dumping Agreement, to provide deference to a per-



1 missible interpretation by a WTO member of provi-
2 sions of the Antidumping Agreement, and to the
3 evaluation by a WTO member of the facts where
4 that evaluation is unbiased and objective and the es-
5 tablishment of the facts is proper.

6 **SEC. 2102. TRADE NEGOTIATING OBJECTIVES.**

7 (a) OVERALL TRADE NEGOTIATING OBJECTIVES.—

8 The overall trade negotiating objectives of the United
9 States for agreements subject to the provisions of section
10 2103 are—

11 (1) to obtain more open, equitable, and recip-
12 rocal market access;

13 (2) to obtain the reduction or elimination of
14 barriers and distortions that are directly related to
15 trade and that decrease market opportunities for
16 United States exports or otherwise distort United
17 States trade;

18 (3) to further strengthen the system of inter-
19 national trading disciplines and procedures, includ-
20 ing dispute settlement;

21 (4) to foster economic growth, raise living
22 standards, and promote full employment in the
23 United States and to enhance the global economy;

24 (5) to ensure that trade and environmental poli-
25 cies are mutually supportive and to seek to protect



1 and preserve the environment and enhance the inter-
2 national means of doing so, while optimizing the use
3 of the world's resources;

4 (6) to promote respect for worker rights and
5 the rights of children consistent with core labor
6 standards of the International Labor Organization
7 (as defined in section 2111(2)) and an under-
8 standing of the relationship between trade and work-
9 er rights; and

10 (7) to seek provisions in trade agreements
11 under which parties to those agreements strive to
12 ensure that they do not weaken or reduce the protec-
13 tions afforded in domestic environmental and labor
14 laws as an encouragement for trade.

15 (b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—

16 (1) TRADE BARRIERS AND DISTORTIONS.—The
17 principal negotiating objectives of the United States
18 regarding trade barriers and other trade distortions
19 are—

20 (A) to expand competitive market opportu-
21 nities for United States exports and to obtain
22 fairer and more open conditions of trade by re-
23 ducing or eliminating tariff and nontariff bar-
24 riers and policies and practices of foreign gov-
25 ernments directly related to trade that decrease

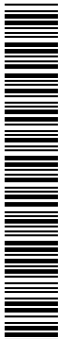


1 market opportunities for United States exports
2 or otherwise distort United States trade; and

3 (B) to obtain reciprocal tariff and non-
4 tariff barrier elimination agreements, with par-
5 ticular attention to those tariff categories cov-
6 ered in section 111(b) of the Uruguay Round
7 Agreements Act (19 U.S.C. 3521(b)).

8 (2) TRADE IN SERVICES.—The principal negoti-
9 ating objective of the United States regarding trade
10 in services is to reduce or eliminate barriers to inter-
11 national trade in services, including regulatory and
12 other barriers that deny national treatment and
13 market access or unreasonably restrict the establish-
14 ment or operations of service suppliers.

15 (3) FOREIGN INVESTMENT.—The principal ne-
16 gotiating objective of the United States regarding
17 foreign investment is to reduce or eliminate artificial
18 or trade-distorting barriers to trade-related foreign
19 investment and, recognizing that United States law
20 on the whole provides a high level of protection for
21 investment, consistent with or greater than the level
22 required by international law, to secure for investors
23 important rights comparable to those that would be
24 available under United States legal principles and
25 practice, by—



1 (A) reducing or eliminating exceptions to
2 the principle of national treatment;

3 (B) freeing the transfer of funds relating
4 to investments;

5 (C) reducing or eliminating performance
6 requirements, forced technology transfers, and
7 other unreasonable barriers to the establish-
8 ment and operation of investments;

9 (D) seeking to establish standards for ex-
10 propriation and compensation for expropriation,
11 consistent with United States legal principles
12 and practice;

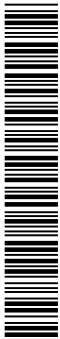
13 (E) providing meaningful procedures for
14 resolving investment disputes;

15 (F) seeking to improve mechanisms used
16 to resolve disputes between an investor and a
17 government through—

18 (i) mechanisms to eliminate frivolous
19 claims; and

20 (ii) procedures to ensure the efficient
21 selection of arbitrators and the expeditious
22 disposition of claims;

23 (G) providing an appellate or similar re-
24 view mechanism to correct manifestly erroneous
25 interpretations of law; and



1 (H) ensuring the fullest measure of trans-
2 parency in the dispute settlement mechanism,
3 to the extent consistent with the need to protect
4 information that is classified or business con-
5 fidential, by—

6 (i) ensuring that all requests for dis-
7 pute settlement are promptly made public;

8 (ii) ensuring that—

9 (I) all proceedings, submissions,
10 findings, and decisions are promptly
11 made public; and

12 (II) all hearings are open to the
13 public; and

14 (iii) establishing a mechanism for ac-
15 ceptance of amicus curiae submissions
16 from businesses, unions, and nongovern-
17 mental organizations.

18 (4) INTELLECTUAL PROPERTY.—The principal
19 negotiating objectives of the United States regarding
20 trade-related intellectual property are—

21 (A) to further promote adequate and effec-
22 tive protection of intellectual property rights,
23 including through—

24 (i)(I) ensuring accelerated and full
25 implementation of the Agreement on



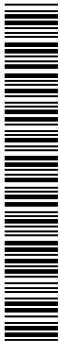
1 Trade-Related Aspects of Intellectual
2 Property Rights referred to in section
3 101(d)(15) of the Uruguay Round Agree-
4 ments Act (19 U.S.C. 3511(d)(15)), par-
5 ticularly with respect to meeting enforce-
6 ment obligations under that agreement;
7 and

8 (II) ensuring that the provisions of
9 any multilateral or bilateral trade agree-
10 ment governing intellectual property rights
11 that is entered into by the United States
12 reflect a standard of protection similar to
13 that found in United States law;

14 (ii) providing strong protection for
15 new and emerging technologies and new
16 methods of transmitting and distributing
17 products embodying intellectual property;

18 (iii) preventing or eliminating dis-
19 crimination with respect to matters affect-
20 ing the availability, acquisition, scope,
21 maintenance, use, and enforcement of in-
22 tellectual property rights;

23 (iv) ensuring that standards of protec-
24 tion and enforcement keep pace with tech-
25 nological developments, and in particular



1 ensuring that rightholders have the legal
2 and technological means to control the use
3 of their works through the Internet and
4 other global communication media, and to
5 prevent the unauthorized use of their
6 works; and

7 (v) providing strong enforcement of
8 intellectual property rights, including
9 through accessible, expeditious, and effective
10 civil, administrative, and criminal enforcement
11 mechanisms; and

12 (B) to secure fair, equitable, and non-
13 discriminatory market access opportunities for
14 United States persons that rely upon intellectual
15 property protection.

16 (5) TRANSPARENCY.—The principal negotiating
17 objective of the United States with respect to transparency
18 is to obtain wider and broader application
19 of the principle of transparency through—

20 (A) increased and more timely public access
21 to information regarding trade issues and
22 the activities of international trade institutions;

23 (B) increased openness at the WTO and
24 other international trade fora by increasing
25 public access to appropriate meetings, pro-



1 ceedings, and submissions, including with re-
2 gard to dispute settlement and investment; and

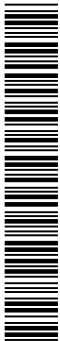
3 (C) increased and more timely public ac-
4 cess to all notifications and supporting docu-
5 mentation submitted by parties to the WTO.

6 (6) ANTI-CORRUPTION.—The principal negoti-
7 ating objectives of the United States with respect to
8 the use of money or other things of value to influ-
9 ence acts, decisions, or omissions of foreign govern-
10 ments or officials or to secure any improper advan-
11 tage in a manner affecting trade are—

12 (A) to obtain high standards and appro-
13 priate domestic enforcement mechanisms appli-
14 cable to persons from all countries participating
15 in the applicable trade agreement that prohibit
16 such attempts to influence acts, decisions, or
17 omissions of foreign governments; and

18 (B) to ensure that such standards do not
19 place United States persons at a competitive
20 disadvantage in international trade.

21 (7) IMPROVEMENT OF THE WTO AND MULTI-
22 LATERAL TRADE AGREEMENTS.—The principal ne-
23 gotiating objectives of the United States regarding
24 the improvement of the World Trade Organization,



1 the Uruguay Round Agreements, and other multilat-
2 eral and bilateral trade agreements are—

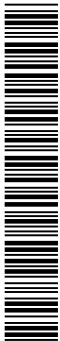
3 (A) to achieve full implementation and ex-
4 tend the coverage of the World Trade Organiza-
5 tion and such agreements to products, sectors,
6 and conditions of trade not adequately covered;
7 and

8 (B) to expand country participation in and
9 enhancement of the Information Technology
10 Agreement and other trade agreements.

11 (8) REGULATORY PRACTICES.—The principal
12 negotiating objectives of the United States regarding
13 the use of government regulation or other practices
14 by foreign governments to provide a competitive ad-
15 vantage to their domestic producers, service pro-
16 viders, or investors and thereby reduce market ac-
17 cess for United States goods, services, and invest-
18 ments are—

19 (A) to achieve increased transparency and
20 opportunity for the participation of affected
21 parties in the development of regulations;

22 (B) to require that proposed regulations be
23 based on sound science, cost-benefit analysis,
24 risk assessment, or other objective evidence;



1 (C) to establish consultative mechanisms
2 among parties to trade agreements to promote
3 increased transparency in developing guidelines,
4 rules, regulations, and laws for government pro-
5 curement and other regulatory regimes; and

6 (D) to achieve the elimination of govern-
7 ment measures such as price controls and ref-
8 erence pricing which deny full market access for
9 United States products.

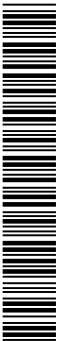
10 (9) ELECTRONIC COMMERCE.—The principal
11 negotiating objectives of the United States with re-
12 spect to electronic commerce are—

13 (A) to ensure that current obligations,
14 rules, disciplines, and commitments under the
15 World Trade Organization apply to electronic
16 commerce;

17 (B) to ensure that—

18 (i) electronically delivered goods and
19 services receive no less favorable treatment
20 under trade rules and commitments than
21 like products delivered in physical form;
22 and

23 (ii) the classification of such goods
24 and services ensures the most liberal trade
25 treatment possible;



1 (C) to ensure that governments refrain
2 from implementing trade-related measures that
3 impede electronic commerce;

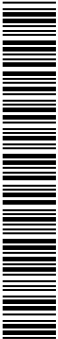
4 (D) where legitimate policy objectives re-
5 quire domestic regulations that affect electronic
6 commerce, to obtain commitments that any
7 such regulations are the least restrictive on
8 trade, nondiscriminatory, and transparent, and
9 promote an open market environment; and

10 (E) to extend the moratorium of the World
11 Trade Organization on duties on electronic
12 transmissions.

13 (10) RECIPROCAL TRADE IN AGRICULTURE.—

14 (A) The principal negotiating objective of the United
15 States with respect to agriculture is to obtain com-
16 petitive opportunities for United States exports of
17 agricultural commodities in foreign markets substan-
18 tially equivalent to the competitive opportunities af-
19 farded foreign exports in United States markets and
20 to achieve fairer and more open conditions of trade
21 in bulk, specialty crop, and value-added commodities
22 by—

23 (i) reducing or eliminating, by a date cer-
24 tain, tariffs or other charges that decrease mar-
25 ket opportunities for United States exports—



1 (I) giving priority to those products
2 that are subject to significantly higher tar-
3 iffs or subsidy regimes of major producing
4 countries; and

5 (II) providing reasonable adjustment
6 periods for United States import-sensitive
7 products, in close consultation with the
8 Congress on such products before initiating
9 tariff reduction negotiations;

10 (ii) reducing tariffs to levels that are the
11 same as or lower than those in the United
12 States;

13 (iii) reducing or eliminating subsidies that
14 decrease market opportunities for United States
15 exports or unfairly distort agriculture markets
16 to the detriment of the United States;

17 (iv) allowing the preservation of programs
18 that support family farms and rural commu-
19 nities but do not distort trade;

20 (v) developing disciplines for domestic sup-
21 port programs, so that production that is in ex-
22 cess of domestic food security needs is sold at
23 world prices;

24 (vi) eliminating Government policies that
25 create price-depressing surpluses;



1 (vii) eliminating state trading enterprises
2 whenever possible;

3 (viii) developing, strengthening, and clari-
4 fying rules and effective dispute settlement
5 mechanisms to eliminate practices that unfairly
6 decrease United States market access opportu-
7 nities or distort agricultural markets to the det-
8 riment of the United States, particularly with
9 respect to import-sensitive products,
10 including—

11 (I) unfair or trade-distorting activities
12 of state trading enterprises and other ad-
13 ministrative mechanisms, with emphasis on
14 requiring price transparency in the oper-
15 ation of state trading enterprises and such
16 other mechanisms in order to end cross
17 subsidization, price discrimination, and
18 price undercutting;

19 (II) unjustified trade restrictions or
20 commercial requirements, such as labeling,
21 that affect new technologies, including bio-
22 technology;

23 (III) unjustified sanitary or
24 phytosanitary restrictions, including those
25 not based on scientific principles in con-



1 travention of the Uruguay Round Agree-
2 ments;

3 (IV) other unjustified technical bar-
4 riers to trade; and

5 (V) restrictive rules in the administra-
6 tion of tariff rate quotas;

7 (ix) eliminating practices that adversely af-
8 fect trade in perishable or cyclical products,
9 while improving import relief mechanisms to
10 recognize the unique characteristics of perish-
11 able and cyclical agriculture;

12 (x) ensuring that the use of import relief
13 mechanisms for perishable and cyclical agri-
14 culture are as accessible and timely to growers
15 in the United States as those mechanisms that
16 are used by other countries;

17 (xi) taking into account whether a party to
18 the negotiations has failed to adhere to the pro-
19 visions of already existing trade agreements
20 with the United States or has circumvented ob-
21 ligations under those agreements;

22 (xii) taking into account whether a product
23 is subject to market distortions by reason of a
24 failure of a major producing country to adhere
25 to the provisions of already existing trade



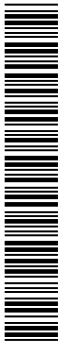
1 agreements with the United States or by the
2 circumvention by that country of its obligations
3 under those agreements;

4 (xiii) otherwise ensuring that countries
5 that accede to the World Trade Organization
6 have made meaningful market liberalization
7 commitments in agriculture;

8 (xiv) taking into account the impact that
9 agreements covering agriculture to which the
10 United States is a party, including the North
11 American Free Trade Agreement, have on the
12 United States agricultural industry; and

13 (xv) maintaining bona fide food assistance
14 programs and preserving United States market
15 development and export credit programs.

16 (B)(i) Before commencing negotiations with re-
17 spect to agriculture, the United States Trade Rep-
18 resentative, in consultation with the Congress, shall
19 seek to develop a position on the treatment of sea-
20 sonal and perishable agricultural products to be em-
21 ployed in the negotiations in order to develop an
22 international consensus on the treatment of seasonal
23 or perishable agricultural products in investigations
24 relating to dumping and safeguards and in any other
25 relevant area.



1 (ii) During any negotiations on agricultural
2 subsidies, the United States Trade Representative
3 shall seek to establish the common base year for cal-
4 culating the Aggregated Measurement of Support
5 (as defined in the Agreement on Agriculture) as the
6 end of each country's Uruguay Round implementa-
7 tion period, as reported in each country's Uruguay
8 Round market access schedule.

9 (iii) The negotiating objective provided in sub-
10 paragraph (A) applies with respect to agricultural
11 matters to be addressed in any trade agreement en-
12 tered into under section 2103(a) or (b), including
13 any trade agreement entered into under section
14 2103(a) or (b) that provides for accession to a trade
15 agreement to which the United States is already a
16 party, such as the North American Free Trade
17 Agreement and the United States-Canada Free
18 Trade Agreement.

19 (11) LABOR AND THE ENVIRONMENT.—The
20 principal negotiating objectives of the United States
21 with respect to labor and the environment are—

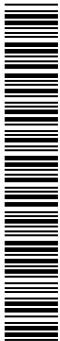
22 (A) to ensure that a party to a trade
23 agreement with the United States does not fail
24 to effectively enforce its environmental or labor
25 laws, through a sustained or recurring course of



1 action or inaction, in a manner affecting trade
2 between the United States and that party after
3 entry into force of a trade agreement between
4 those countries;

5 (B) to recognize that parties to a trade
6 agreement retain the right to exercise discretion
7 with respect to investigatory, prosecutorial, reg-
8 ulatory, and compliance matters and to make
9 decisions regarding the allocation of resources
10 to enforcement with respect to other labor or
11 environmental matters determined to have high-
12 er priorities, and to recognize that a country is
13 effectively enforcing its laws if a course of ac-
14 tion or inaction reflects a reasonable exercise of
15 such discretion, or results from a bona fide de-
16 cision regarding the allocation of resources and
17 no retaliation may be authorized based on the
18 exercise of these rights or the right to establish
19 domestic labor standards and levels of environ-
20 mental protection;

21 (C) to strengthen the capacity of United
22 States trading partners to promote respect for
23 core labor standards (as defined in section
24 2111(2));



1 (D) to strengthen the capacity of United
2 States trading partners to protect the environ-
3 ment through the promotion of sustainable de-
4 velopment;

5 (E) to reduce or eliminate government
6 practices or policies that unduly threaten sus-
7 tainable development;

8 (F) to seek market access, through the
9 elimination of tariffs and nontariff barriers, for
10 United States environmental technologies,
11 goods, and services; and

12 (G) to ensure that labor, environmental,
13 health, or safety policies and practices of the
14 parties to trade agreements with the United
15 States do not arbitrarily or unjustifiably dis-
16 criminate against United States exports or
17 serve as disguised barriers to trade.

18 (12) DISPUTE SETTLEMENT AND ENFORCE-
19 MENT.—The principal negotiating objectives of the
20 United States with respect to dispute settlement and
21 enforcement of trade agreements are—

22 (A) to seek provisions in trade agreements
23 providing for resolution of disputes between
24 governments under those trade agreements in
25 an effective, timely, transparent, equitable, and



1 reasoned manner, requiring determinations
2 based on facts and the principles of the agree-
3 ments, with the goal of increasing compliance
4 with the agreements;

5 (B) to seek to strengthen the capacity of
6 the Trade Policy Review Mechanism of the
7 World Trade Organization to review compliance
8 with commitments;

9 (C) to seek provisions encouraging the
10 early identification and settlement of disputes
11 through consultation;

12 (D) to seek provisions to encourage the
13 provision of trade-expanding compensation if a
14 party to a dispute under the agreement does
15 not come into compliance with its obligations
16 under the agreement;

17 (E) to seek provisions to impose a penalty
18 upon a party to a dispute under the agreement
19 that—

20 (i) encourages compliance with the ob-
21 ligations of the agreement;

22 (ii) is appropriate to the parties, na-
23 ture, subject matter, and scope of the vio-
24 lation; and



1 (iii) has the aim of not adversely af-
2 fecting parties or interests not party to the
3 dispute while maintaining the effectiveness
4 of the enforcement mechanism; and

5 (F) to seek provisions that treat United
6 States principal negotiating objectives equally
7 with respect to—

8 (i) the ability to resort to dispute set-
9 tlement under the applicable agreement;

10 (ii) the availability of equivalent dis-
11 pute settlement procedures; and

12 (iii) the availability of equivalent rem-
13 edies.

14 (13) WTO EXTENDED NEGOTIATIONS.—The
15 principal negotiating objectives of the United States
16 regarding trade in civil aircraft are those set forth
17 in section 135(c) of the Uruguay Round Agreements
18 Act (19 U.S.C. 3355(c)) and regarding rules of ori-
19 gin are the conclusion of an agreement described in
20 section 132 of that Act (19 U.S.C. 3552).

21 (c) PROMOTION OF CERTAIN PRIORITIES.—In order
22 to address and maintain United States competitiveness in
23 the global economy, the President shall—

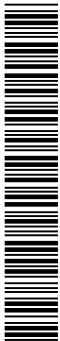
24 (1) seek greater cooperation between the WTO
25 and the ILO;



1 (2) seek to establish consultative mechanisms
2 among parties to trade agreements to strengthen the
3 capacity of United States trading partners to pro-
4 mote respect for core labor standards (as defined in
5 section 2111(2)), and report to the Committee on
6 Ways and Means of the House of Representatives
7 and the Committee on Finance of the Senate on the
8 content and operation of such mechanisms;

9 (3) seek to establish consultative mechanisms
10 among parties to trade agreements to strengthen the
11 capacity of United States trading partners to de-
12 velop and implement standards for the protection of
13 the environment and human health based on sound
14 science, and report to the Committee on Ways and
15 Means of the House of Representatives and the
16 Committee on Finance of the Senate on the content
17 and operation of such mechanisms;

18 (4) conduct environmental reviews of future
19 trade and investment agreements, consistent with
20 Executive Order 13141 of November 16, 1999, and
21 its relevant guidelines, and report to the Committee
22 on Ways and Means of the House of Representatives
23 and the Committee on Finance of the Senate on
24 such reviews;



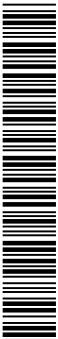
1 (5) review the impact of future trade agree-
2 ments on United States employment, modeled after
3 Executive Order 13141, and report to the Com-
4 mittee on Ways and Means of the House of Rep-
5 resentatives and the Committee on Finance of the
6 Senate on such review;

7 (6) take into account other legitimate United
8 States domestic objectives including, but not limited
9 to, the protection of legitimate health or safety, es-
10 sential security, and consumer interests and the law
11 and regulations related thereto;

12 (7) have the Secretary of Labor consult with
13 any country seeking a trade agreement with the
14 United States concerning that country's labor laws
15 and provide technical assistance to that country if
16 needed;

17 (8) with respect to any trade agreement which
18 the President seeks to implement under trade au-
19 thorities procedures, submit to the Congress a report
20 describing the extent to which the country or coun-
21 tries that are parties to the agreement have in effect
22 laws governing exploitative child labor;

23 (9)(A) preserve the ability of the United States
24 to enforce rigorously its trade laws, including the
25 antidumping and countervailing duty laws, and avoid



1 agreements which lessen the effectiveness of domes-
2 tic and international disciplines on unfair trade, es-
3 pecially dumping and subsidies, in order to ensure
4 that United States workers, agricultural producers,
5 and firms can compete fully on fair terms and enjoy
6 the benefits of reciprocal trade concessions; and

7 (B) ensure that United States exports are not
8 subject to the abusive use of trade laws, including
9 antidumping and countervailing duty laws, by other
10 countries.

11 (10) continue to promote consideration of mul-
12 tilateral environmental agreements and consult with
13 parties to such agreements regarding the consistency
14 of any such agreement that includes trade measures
15 with existing environmental exceptions under Article
16 XX of the GATT 1994;

17 (11) report to the Committee on Ways and
18 Means of the House of Representatives and the
19 Committee on Finance of the Senate, not later than
20 12 months after the imposition of a penalty or rem-
21 edy by the United States permitted by a trade agree-
22 ment to which this title applies, on the effectiveness
23 of the penalty or remedy applied under United
24 States law in enforcing United States rights under
25 the trade agreement; and



1 (12) seek to establish consultative mechanisms
2 among parties to trade agreements to examine the
3 trade consequences of significant and unanticipated
4 currency movements and to scrutinize whether a for-
5 eign government engaged in a pattern of manipu-
6 lating its currency to promote a competitive advan-
7 tage in international trade.

8 The report under paragraph (11) shall address whether
9 the penalty or remedy was effective in changing the behav-
10 ior of the targeted party and whether the penalty or rem-
11 edy had any adverse impact on parties or interests not
12 party to the dispute.

13 (d) CONSULTATIONS.—

14 (1) CONSULTATIONS WITH CONGRESSIONAL AD-
15 VISERS.—In the course of negotiations conducted
16 under this title, the United States Trade Represent-
17 ative shall consult closely and on a timely basis with,
18 and keep fully apprised of the negotiations, the Con-
19 gressional Oversight Group convened under section
20 2107 and all committees of the House of Represent-
21 atives and the Senate with jurisdiction over laws
22 that would be affected by a trade agreement result-
23 ing from the negotiations.

24 (2) CONSULTATION BEFORE AGREEMENT INI-
25 TIALED.—In the course of negotiations conducted



1 under this title, the United States Trade Represent-
2 ative shall—

3 (A) consult closely and on a timely basis
4 (including immediately before initialing an
5 agreement) with, and keep fully apprised of the
6 negotiations, the congressional advisers for
7 trade policy and negotiations appointed under
8 section 161 of the Trade Act of 1974 (19
9 U.S.C. 2211), the Committee on Ways and
10 Means of the House of Representatives, the
11 Committee on Finance of the Senate, and the
12 Congressional Oversight Group convened under
13 section 2107; and

14 (B) with regard to any negotiations and
15 agreement relating to agricultural trade, also
16 consult closely and on a timely basis (including
17 immediately before initialing an agreement)
18 with, and keep fully apprised of the negotia-
19 tions, the Committee on Agriculture of the
20 House of Representatives and the Committee
21 on Agriculture, Nutrition, and Forestry of the
22 Senate.

23 (e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY
24 ROUND AGREEMENTS.—In determining whether to enter
25 into negotiations with a particular country, the President



1 shall take into account the extent to which that country
2 has implemented, or has accelerated the implementation
3 of, its obligations under the Uruguay Round Agreements.

4 **SEC. 2103. TRADE AGREEMENTS AUTHORITY.**

5 (a) AGREEMENTS REGARDING TARIFF BARRIERS.—

6 (1) IN GENERAL.—Whenever the President de-
7 termines that one or more existing duties or other
8 import restrictions of any foreign country or the
9 United States are unduly burdening and restricting
10 the foreign trade of the United States and that the
11 purposes, policies, priorities, and objectives of this
12 title will be promoted thereby, the President—

13 (A) may enter into trade agreements with
14 foreign countries before—

15 (i) June 1, 2005; or

16 (ii) June 1, 2007, if trade authorities
17 procedures are extended under subsection

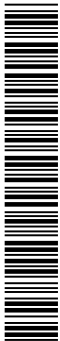
18 (c); and

19 (B) may, subject to paragraphs (2) and
20 (3), proclaim—

21 (i) such modification or continuance
22 of any existing duty,

23 (ii) such continuance of existing duty-
24 free or excise treatment, or

25 (iii) such additional duties,



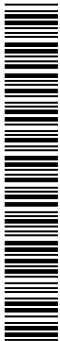
1 as the President determines to be required or
2 appropriate to carry out any such trade agree-
3 ment.

4 The President shall notify the Congress of the Presi-
5 dent's intention to enter into an agreement under
6 this subsection.

7 (2) LIMITATIONS.—No proclamation may be
8 made under paragraph (1) that—

9 (A) reduces any rate of duty (other than a
10 rate of duty that does not exceed 5 percent ad
11 valorem on the date of the enactment of this
12 Act) to a rate of duty which is less than 50 per-
13 cent of the rate of such duty that applies on
14 such date of enactment;

15 (B) notwithstanding paragraph (6), re-
16 duces the rate of duty below that applicable
17 under the Uruguay Round Agreements, on any
18 agricultural product which was the subject of
19 tariff reductions by the United States as a re-
20 sult of the Uruguay Round Agreements, for
21 which the rate of duty, pursuant to such Agree-
22 ments, was reduced on January 1, 1995, to a
23 rate which was not less than 97.5 percent of
24 the rate of duty that applied to such article on
25 December 31, 1994; or



1 (C) increases any rate of duty above the
2 rate that applied on the date of the enactment
3 of this Act.

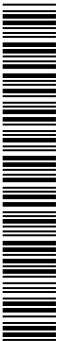
4 (3) AGGREGATE REDUCTION; EXEMPTION FROM
5 STAGING.—

6 (A) AGGREGATE REDUCTION.—Except as
7 provided in subparagraph (B), the aggregate re-
8 duction in the rate of duty on any article which
9 is in effect on any day pursuant to a trade
10 agreement entered into under paragraph (1)
11 shall not exceed the aggregate reduction which
12 would have been in effect on such day if—

13 (i) a reduction of 3 percent ad valo-
14 rem or a reduction of one-tenth of the total
15 reduction, whichever is greater, had taken
16 effect on the effective date of the first re-
17 duction proclaimed under paragraph (1) to
18 carry out such agreement with respect to
19 such article; and

20 (ii) a reduction equal to the amount
21 applicable under clause (i) had taken effect
22 at 1-year intervals after the effective date
23 of such first reduction.

24 (B) EXEMPTION FROM STAGING.—No
25 staging is required under subparagraph (A)



1 with respect to a duty reduction that is pro-
2 claimed under paragraph (1) for an article of a
3 kind that is not produced in the United States.
4 The United States International Trade Com-
5 mission shall advise the President of the iden-
6 tity of articles that may be exempted from stag-
7 ing under this subparagraph.

8 (4) ROUNDING.—If the President determines
9 that such action will simplify the computation of re-
10 ductions under paragraph (3), the President may
11 round an annual reduction by an amount equal to
12 the lesser of—

13 (A) the difference between the reduction
14 without regard to this paragraph and the next
15 lower whole number; or

16 (B) one-half of 1 percent ad valorem.

17 (5) OTHER LIMITATIONS.—A rate of duty re-
18 duction that may not be proclaimed by reason of
19 paragraph (2) may take effect only if a provision au-
20 thorizing such reduction is included within an imple-
21 menting bill provided for under section 5 and that
22 bill is enacted into law.

23 (6) OTHER TARIFF MODIFICATIONS.—Notwith-
24 standing paragraphs (1)(B), (2)(A), (2)(C), and (3)
25 through (5), and subject to the consultation and lay-



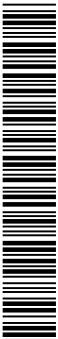
1 over requirements of section 115 of the Uruguay
2 Round Agreements Act, the President may proclaim
3 the modification of any duty or staged rate reduc-
4 tion of any duty set forth in Schedule XX, as de-
5 fined in section 2(5) of that Act, if the United
6 States agrees to such modification or staged rate re-
7 duction in a negotiation for the reciprocal elimi-
8 nation or harmonization of duties under the auspices
9 of the World Trade Organization.

10 (7) AUTHORITY UNDER URUGUAY ROUND
11 AGREEMENTS ACT NOT AFFECTED.—Nothing in this
12 subsection shall limit the authority provided to the
13 President under section 111(b) of the Uruguay
14 Round Agreements Act (19 U.S.C. 3521(b)).

15 (b) AGREEMENTS REGARDING TARIFF AND NON-
16 TARIFF BARRIERS.—

17 (1) IN GENERAL.—(A) Whenever the President
18 determines that—

19 (i) one or more existing duties or any other
20 import restriction of any foreign country or the
21 United States or any other barrier to, or other
22 distortion of, international trade unduly bur-
23 dens or restricts the foreign trade of the United
24 States or adversely affects the United States
25 economy; or



1 (ii) the imposition of any such barrier or
2 distortion is likely to result in such a burden,
3 restriction, or effect;
4 and that the purposes, policies, priorities, and objec-
5 tives of this title will be promoted thereby, the Presi-
6 dent may enter into a trade agreement described in
7 subparagraph (B) during the period described in
8 subparagraph (C).

9 (B) The President may enter into a trade
10 agreement under subparagraph (A) with foreign
11 countries providing for—

12 (i) the reduction or elimination of a duty,
13 restriction, barrier, or other distortion described
14 in subparagraph (A), or

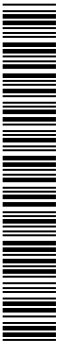
15 (ii) the prohibition of, or limitation on the
16 imposition of, such barrier or other distortion.

17 (C) The President may enter into a trade
18 agreement under this paragraph before—

19 (i) June 1, 2005; or

20 (ii) June 1, 2007, if trade authorities pro-
21 cedures are extended under subsection (c).

22 (2) CONDITIONS.—A trade agreement may be
23 entered into under this subsection only if such
24 agreement makes progress in meeting the applicable
25 objectives described in section 2102(a) and (b) and



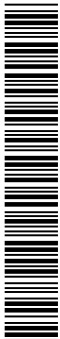
1 the President satisfies the conditions set forth in
2 section 2104.

3 (3) BILLS QUALIFYING FOR TRADE AUTHORI-
4 TIES PROCEDURES.—(A) The provisions of section
5 151 of the Trade Act of 1974 (in this title referred
6 to as “trade authorities procedures”) apply to a bill
7 of either House of Congress which contains provi-
8 sions described in subparagraph (B) to the same ex-
9 tent as such section 151 applies to implementing
10 bills under that section. A bill to which this para-
11 graph applies shall hereafter in this title be referred
12 to as an “implementing bill”.

13 (B) The provisions referred to in subparagraph
14 (A) are—

15 (i) a provision approving a trade agree-
16 ment entered into under this subsection and ap-
17 proving the statement of administrative action,
18 if any, proposed to implement such trade agree-
19 ment; and

20 (ii) if changes in existing laws or new stat-
21 utory authority are required to implement such
22 trade agreement or agreements, provisions, nec-
23 essary or appropriate to implement such trade
24 agreement or agreements, either repealing or



1 amending existing laws or providing new statu-
2 tory authority.

3 (c) EXTENSION DISAPPROVAL PROCESS FOR CON-
4 GRESSIONAL TRADE AUTHORITIES PROCEDURES.—

5 (1) IN GENERAL.—Except as provided in sec-
6 tion 2105(b)—

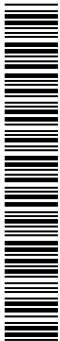
7 (A) the trade authorities procedures apply
8 to implementing bills submitted with respect to
9 trade agreements entered into under subsection
10 (b) before July 1, 2005; and

11 (B) the trade authorities procedures shall
12 be extended to implementing bills submitted
13 with respect to trade agreements entered into
14 under subsection (b) after June 30, 2005, and
15 before July 1, 2007, if (and only if)—

16 (i) the President requests such exten-
17 sion under paragraph (2); and

18 (ii) neither House of the Congress
19 adopts an extension disapproval resolution
20 under paragraph (5) before June 1, 2005.

21 (2) REPORT TO CONGRESS BY THE PRESI-
22 DENT.—If the President is of the opinion that the
23 trade authorities procedures should be extended to
24 implementing bills described in paragraph (1)(B),
25 the President shall submit to the Congress, not later



1 than March 1, 2005, a written report that contains
2 a request for such extension, together with—

3 (A) a description of all trade agreements
4 that have been negotiated under subsection (b)
5 and the anticipated schedule for submitting
6 such agreements to the Congress for approval;

7 (B) a description of the progress that has
8 been made in negotiations to achieve the pur-
9 poses, policies, priorities, and objectives of this
10 title, and a statement that such progress justi-
11 fies the continuation of negotiations; and

12 (C) a statement of the reasons why the ex-
13 tension is needed to complete the negotiations.

14 (3) REPORT TO CONGRESS BY THE ADVISORY
15 COMMITTEE.—The President shall promptly inform
16 the Advisory Committee for Trade Policy and Nego-
17 tiations established under section 135 of the Trade
18 Act of 1974 (19 U.S.C. 2155) of the President's de-
19 cision to submit a report to the Congress under
20 paragraph (2). The Advisory Committee shall submit
21 to the Congress as soon as practicable, but not later
22 than May 1, 2005, a written report that contains—

23 (A) its views regarding the progress that
24 has been made in negotiations to achieve the



1 purposes, policies, priorities, and objectives of
2 this title; and

3 (B) a statement of its views, and the rea-
4 sons therefor, regarding whether the extension
5 requested under paragraph (2) should be ap-
6 proved or disapproved.

7 (4) STATUS OF REPORTS.—The reports sub-
8 mitted to the Congress under paragraphs (2) and
9 (3), or any portion of such reports, may be classified
10 to the extent the President determines appropriate.

11 (5) EXTENSION DISAPPROVAL RESOLUTIONS.—

12 (A) For purposes of paragraph (1), the term “exten-
13 sion disapproval resolution” means a resolution of
14 either House of the Congress, the sole matter after
15 the resolving clause of which is as follows: “That the
16 _____ disapproves the request of the President for
17 the extension, under section 2103(c)(1)(B)(i) of the
18 Bipartisan Trade Promotion Authority Act of 2002,
19 of the trade authorities procedures under that Act to
20 any implementing bill submitted with respect to any
21 trade agreement entered into under section 2103(b)
22 of that Act after June 30, 2005.”, with the blank
23 space being filled with the name of the resolving
24 House of the Congress.

25 (B) Extension disapproval resolutions—



1 (i) may be introduced in either House of
2 the Congress by any member of such House;
3 and

4 (ii) shall be referred, in the House of Rep-
5 resentatives, to the Committee on Ways and
6 Means and, in addition, to the Committee on
7 Rules.

8 (C) The provisions of section 152(d) and (e) of
9 the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))
10 (relating to the floor consideration of certain resolu-
11 tions in the House and Senate) apply to extension
12 disapproval resolutions.

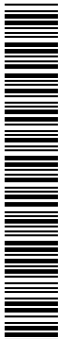
13 (D) It is not in order for—

14 (i) the Senate to consider any extension
15 disapproval resolution not reported by the Com-
16 mittee on Finance;

17 (ii) the House of Representatives to con-
18 sider any extension disapproval resolution not
19 reported by the Committee on Ways and Means
20 and, in addition, by the Committee on Rules; or

21 (iii) either House of the Congress to con-
22 sider an extension disapproval resolution after
23 June 30, 2005.

24 (d) COMMENCEMENT OF NEGOTIATIONS.—In order
25 to contribute to the continued economic expansion of the

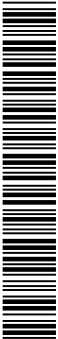


1 United States, the President shall commence negotiations
2 covering tariff and nontariff barriers affecting any indus-
3 try, product, or service sector, and expand existing sec-
4 toral agreements to countries that are not parties to those
5 agreements, in cases where the President determines that
6 such negotiations are feasible and timely and would ben-
7 efit the United States. Such sectors include agriculture,
8 commercial services, intellectual property rights, industrial
9 and capital goods, government procurement, information
10 technology products, environmental technology and serv-
11 ices, medical equipment and services, civil aircraft, and in-
12 frastructure products. In so doing, the President shall
13 take into account all of the principal negotiating objectives
14 set forth in section 2102(b).

15 **SEC. 2104. CONSULTATIONS AND ASSESSMENT.**

16 (a) NOTICE AND CONSULTATION BEFORE NEGOTIA-
17 TION.—The President, with respect to any agreement that
18 is subject to the provisions of section 2103(b), shall—

19 (1) provide, at least 90 calendar days before
20 initiating negotiations, written notice to the Con-
21 gress of the President's intention to enter into the
22 negotiations and set forth therein the date the Presi-
23 dent intends to initiate such negotiations, the spe-
24 cific United States objectives for the negotiations,



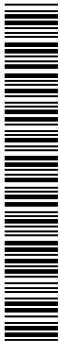
1 and whether the President intends to seek an agree-
2 ment, or changes to an existing agreement;

3 (2) before and after submission of the notice,
4 consult regarding the negotiations with the Com-
5 mittee on Finance of the Senate and the Committee
6 on Ways and Means of the House of Representa-
7 tives, such other committees of the House and Sen-
8 ate as the President deems appropriate, and the
9 Congressional Oversight group convened under sec-
10 tion 2107; and

11 (3) upon the request of a majority of the mem-
12 bers of the Congressional Oversight Group under
13 section 2107(c), meet with the Congressional Over-
14 sight Group before initiating the negotiations or at
15 any other time concerning the negotiations.

16 (b) NEGOTIATIONS REGARDING AGRICULTURE.—

17 (1) IN GENERAL.—Before initiating or con-
18 tinuing negotiations the subject matter of which is
19 directly related to the subject matter under section
20 2102(b)(10)(A)(i) with any country, the President
21 shall assess whether United States tariffs on agricul-
22 tural products that were bound under the Uruguay
23 Round Agreements are lower than the tariffs bound
24 by that country. In addition, the President shall con-
25 sider whether the tariff levels bound and applied



1 throughout the world with respect to imports from
2 the United States are higher than United States tar-
3 iffs and whether the negotiation provides an oppor-
4 tunity to address any such disparity. The President
5 shall consult with the Committee on Ways and
6 Means and the Committee on Agriculture of the
7 House of Representatives and the Committee on Fi-
8 nance and the Committee on Agriculture, Nutrition,
9 and Forestry of the Senate concerning the results of
10 the assessment, whether it is appropriate for the
11 United States to agree to further tariff reductions
12 based on the conclusions reached in the assessment,
13 and how all applicable negotiating objectives will be
14 met.

15 (2) SPECIAL CONSULTATIONS ON IMPORT SEN-
16 SITIVE PRODUCTS.—(A) Before initiating negotia-
17 tions with regard to agriculture, and, with respect to
18 the Free Trade Area for the Americas and negotia-
19 tions with regard to agriculture under the auspices
20 of the World Trade Organization, as soon as prac-
21 ticable after the enactment of this Act, the United
22 States Trade Representative shall—

23 (i) identify those agricultural products sub-
24 ject to tariff reductions by the United States as
25 a result of the Uruguay Round Agreements, for



1 which the rate of duty was reduced on January
2 1, 1995, to a rate which was not less than 97.5
3 percent of the rate of duty that applied to such
4 article on December 31, 1994;

5 (ii) consult with the Committee on Ways
6 and Means and the Committee on Agriculture
7 of the House of Representatives and the Com-
8 mittee on Finance and the Committee on Agri-
9 culture, Nutrition, and Forestry of the Senate
10 concerning—

11 (I) whether any further tariff reduc-
12 tions on the products identified under
13 clause (i) should be appropriate, taking
14 into account the impact of any such tariff
15 reduction on the United States industry
16 producing the product concerned; and

17 (II) whether the products so identified
18 face unjustified sanitary or phytosanitary
19 restrictions, including those not based on
20 scientific principles in contravention of the
21 Uruguay Round Agreements;

22 (iii) request that the International Trade
23 Commission prepare an assessment of the prob-
24 able economic effects of any such tariff reduc-
25 tion on the United States industry producing



1 the product concerned and on the United States
2 economy as a whole; and

3 (iv) upon complying with clauses (i), (ii),
4 and (iii), notify the Committee on Ways and
5 Means and the Committee on Agriculture of the
6 House of Representatives and the Committee
7 on Finance and the Committee on Agriculture,
8 Nutrition, and Forestry of the Senate of those
9 products identified under clause (i) for which
10 the Trade Representative intends to seek tariff
11 liberalization in the negotiations and the rea-
12 sons for seeking such tariff liberalization.

13 (B) If, after negotiations described in subpara-
14 graph (A) are commenced—

15 (i) the United States Trade Representative
16 identifies any additional agricultural product
17 described in subparagraph (A)(i) for tariff re-
18 ductions which were not the subject of a notifi-
19 cation under subparagraph (A)(iv), or

20 (ii) any additional agricultural product de-
21 scribed in subparagraph (A)(i) is the subject of
22 a request for tariff reductions by a party to the
23 negotiations,

24 the Trade Representative shall, as soon as prac-
25 ticable, notify the committees referred to in subpara-

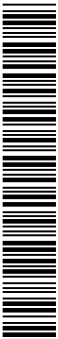


1 graph (A)(iv) of those products and the reasons for
2 seeking such tariff reductions.

3 (c) NEGOTIATIONS REGARDING TEXTILES.—Before
4 initiating or continuing negotiations the subject matter of
5 which is directly related to textiles and apparel products
6 with any country, the President shall assess whether
7 United States tariffs on textile and apparel products that
8 were bound under the Uruguay Round Agreements are
9 lower than the tariffs bound by that country and whether
10 the negotiation provides an opportunity to address any
11 such disparity. The President shall consult with the Com-
12 mittee on Ways and Means of the House of Representa-
13 tives and the Committee on Finance of the Senate con-
14 cerning the results of the assessment, whether it is appro-
15 priate for the United States to agree to further tariff re-
16 ductions based on the conclusions reached in the assess-
17 ment, and how all applicable negotiating objectives will be
18 met.

19 (d) CONSULTATION WITH CONGRESS BEFORE
20 AGREEMENTS ENTERED INTO.—

21 (1) CONSULTATION.—Before entering into any
22 trade agreement under section 2103(b), the Presi-
23 dent shall consult with—



1 (A) the Committee on Ways and Means of
2 the House of Representatives and the Com-
3 mittee on Finance of the Senate;

4 (B) each other committee of the House
5 and the Senate, and each joint committee of the
6 Congress, which has jurisdiction over legislation
7 involving subject matters which would be af-
8 fected by the trade agreement; and

9 (C) the Congressional Oversight Group
10 convened under section 2107.

11 (2) SCOPE.—The consultation described in
12 paragraph (1) shall include consultation with respect
13 to—

14 (A) the nature of the agreement;

15 (B) how and to what extent the agreement
16 will achieve the applicable purposes, policies,
17 priorities, and objectives of this title; and

18 (C) the implementation of the agreement
19 under section 2105, including the general effect
20 of the agreement on existing laws.

21 (e) ADVISORY COMMITTEE REPORTS.—The report
22 required under section 135(e)(1) of the Trade Act of 1974
23 regarding any trade agreement entered into under section
24 2103(a) or (b) of this Act shall be provided to the Presi-
25 dent, the Congress, and the United States Trade Rep-

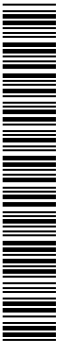


1 resentative not later than 30 days after the date on which
2 the President notifies the Congress under section
3 2103(a)(1) or 2105(a)(1)(A) of the President's intention
4 to enter into the agreement.

5 (f) ITC ASSESSMENT.—

6 (1) IN GENERAL.—The President, at least 90
7 calendar days before the day on which the President
8 enters into a trade agreement under section
9 2103(b), shall provide the International Trade Com-
10 mission (referred to in this subsection as “the Com-
11 mission”) with the details of the agreement as it ex-
12 ists at that time and request the Commission to pre-
13 pare and submit an assessment of the agreement as
14 described in paragraph (2). Between the time the
15 President makes the request under this paragraph
16 and the time the Commission submits the assess-
17 ment, the President shall keep the Commission cur-
18 rent with respect to the details of the agreement.

19 (2) ITC ASSESSMENT.—Not later than 90 cal-
20 endar days after the President enters into the agree-
21 ment, the Commission shall submit to the President
22 and the Congress a report assessing the likely im-
23 pact of the agreement on the United States economy
24 as a whole and on specific industry sectors, includ-
25 ing the impact the agreement will have on the gross



1 domestic product, exports and imports, aggregate
2 employment and employment opportunities, the pro-
3 duction, employment, and competitive position of in-
4 dustries likely to be significantly affected by the
5 agreement, and the interests of United States con-
6 sumers.

7 (3) REVIEW OF EMPIRICAL LITERATURE.—In
8 preparing the assessment, the Commission shall re-
9 view available economic assessments regarding the
10 agreement, including literature regarding any sub-
11 stantially equivalent proposed agreement, and shall
12 provide in its assessment a description of the anal-
13 yses used and conclusions drawn in such literature,
14 and a discussion of areas of consensus and diver-
15 gence between the various analyses and conclusions,
16 including those of the Commission regarding the
17 agreement.

18 **SEC. 2105. IMPLEMENTATION OF TRADE AGREEMENTS.**

19 (a) IN GENERAL.—

20 (1) NOTIFICATION AND SUBMISSION.—Any
21 agreement entered into under section 2103(b) shall
22 enter into force with respect to the United States if
23 (and only if)—

24 (A) the President, at least 90 calendar
25 days before the day on which the President en-



1 ters into the trade agreement, notifies the
2 House of Representatives and the Senate of the
3 President's intention to enter into the agree-
4 ment, and promptly thereafter publishes notice
5 of such intention in the Federal Register;

6 (B) within 60 days after entering into the
7 agreement, the President submits to the Con-
8 gress a description of those changes to existing
9 laws that the President considers would be re-
10 quired in order to bring the United States into
11 compliance with the agreement;

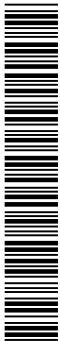
12 (C) after entering into the agreement, the
13 President submits to the Congress, on a day on
14 which both Houses of Congress are in session,
15 a copy of the final legal text of the agreement,
16 together with—

17 (i) a draft of an implementing bill de-
18 scribed in section 2103(b)(3);

19 (ii) a statement of any administrative
20 action proposed to implement the trade
21 agreement; and

22 (iii) the supporting information de-
23 scribed in paragraph (2); and

24 (D) the implementing bill is enacted into
25 law.



1 (2) SUPPORTING INFORMATION.—The sup-
2 porting information required under paragraph
3 (1)(C)(iii) consists of—

4 (A) an explanation as to how the imple-
5 menting bill and proposed administrative action
6 will change or affect existing law; and

7 (B) a statement—

8 (i) asserting that the agreement
9 makes progress in achieving the applicable
10 purposes, policies, priorities, and objectives
11 of this title; and

12 (ii) setting forth the reasons of the
13 President regarding—

14 (I) how and to what extent the
15 agreement makes progress in achiev-
16 ing the applicable purposes, policies,
17 and objectives referred to in clause (i);

18 (II) whether and how the agree-
19 ment changes provisions of an agree-
20 ment previously negotiated;

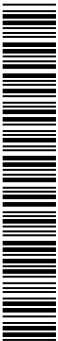
21 (III) how the agreement serves
22 the interests of United States com-
23 merce;



1 (IV) how the implementing bill
2 meets the standards set forth in sec-
3 tion 2103(b)(3); and

4 (V) how and to what extent the
5 agreement makes progress in achiev-
6 ing the applicable purposes, policies,
7 and objectives referred to in section
8 2102(c) regarding the promotion of
9 certain priorities.

10 (3) RECIPROCAL BENEFITS.—In order to en-
11 sure that a foreign country that is not a party to a
12 trade agreement entered into under section 2103(b)
13 does not receive benefits under the agreement unless
14 the country is also subject to the obligations under
15 the agreement, the implementing bill submitted with
16 respect to the agreement shall provide that the bene-
17 fits and obligations under the agreement apply only
18 to the parties to the agreement, if such application
19 is consistent with the terms of the agreement. The
20 implementing bill may also provide that the benefits
21 and obligations under the agreement do not apply
22 uniformly to all parties to the agreement, if such ap-
23 plication is consistent with the terms of the agree-
24 ment.



1 (b) LIMITATIONS ON TRADE AUTHORITIES PROCE-
2 DURES.—

3 (1) FOR LACK OF NOTICE OR CONSULTA-
4 TIONS.—

5 (A) IN GENERAL.—The trade authorities
6 procedures shall not apply to any implementing
7 bill submitted with respect to a trade agreement
8 or trade agreements entered into under section
9 2103(b) if during the 60-day period beginning
10 on the date that one House of Congress agrees
11 to a procedural disapproval resolution for lack
12 of notice or consultations with respect to such
13 trade agreement or agreements, the other
14 House separately agrees to a procedural dis-
15 approval resolution with respect to such trade
16 agreement or agreements.

17 (B) PROCEDURAL DISAPPROVAL RESOLU-
18 TION.—(i) For purposes of this paragraph, the
19 term “procedural disapproval resolution” means
20 a resolution of either House of Congress, the
21 sole matter after the resolving clause of which
22 is as follows: “That the President has failed or
23 refused to notify or consult in accordance with
24 the Bipartisan Trade Promotion Authority Act
25 of 2002 on negotiations with respect to

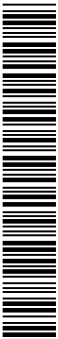


1 _____ and, therefore, the trade au-
2 thorities procedures under that Act shall not
3 apply to any implementing bill submitted with
4 respect to such trade agreement or agree-
5 ments.”, with the blank space being filled with
6 a description of the trade agreement or agree-
7 ments with respect to which the President is
8 considered to have failed or refused to notify or
9 consult.

10 (ii) For purposes of clause (i), the Presi-
11 dent has “failed or refused to notify or consult
12 in accordance with the Bipartisan Trade Pro-
13 motion Authority Act of 2002” on negotiations
14 with respect to a trade agreement or trade
15 agreements if—

16 (I) the President has failed or refused
17 to consult (as the case may be) in accord-
18 ance with section 2104 or 2105 with re-
19 spect to the negotiations, agreement, or
20 agreements;

21 (II) guidelines under section 2107(b)
22 have not been developed or met with re-
23 spect to the negotiations, agreement, or
24 agreements;



1 (III) the President has not met with
2 the Congressional Oversight Group pursu-
3 ant to a request made under section
4 2107(c) with respect to the negotiations,
5 agreement, or agreements; or

6 (IV) the agreement or agreements fail
7 to make progress in achieving the pur-
8 poses, policies, priorities, and objectives of
9 this title.

10 (2) PROCEDURES FOR CONSIDERING RESOLU-
11 TIONS.—(A) Procedural disapproval resolutions—

12 (i) in the House of Representatives—

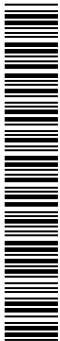
13 (I) may be introduced by any Member
14 of the House;

15 (II) shall be referred to the Com-
16 mittee on Ways and Means and, in addi-
17 tion, to the Committee on Rules; and

18 (III) may not be amended by either
19 Committee; and

20 (ii) in the Senate may be introduced by
21 any Member of the Senate.

22 (B) The provisions of section 152(d) and (e) of
23 the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))
24 (relating to the floor consideration of certain resolu-
25 tions in the House and Senate) apply to a proce-



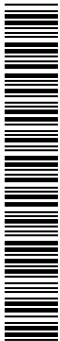
1 dural disapproval resolution introduced with respect
2 to a trade agreement if no other procedural dis-
3 approval resolution with respect to that trade agree-
4 ment has previously been considered under such pro-
5 visions of section 152 of the Trade Act of 1974 in
6 that House of Congress during that Congress.

7 (C) It is not in order for the House of Rep-
8 resentatives to consider any procedural disapproval
9 resolution not reported by the Committee on Ways
10 and Means and, in addition, by the Committee on
11 Rules.

12 (c) RULES OF HOUSE OF REPRESENTATIVES AND
13 SENATE.—Subsection (b) of this section and section
14 2103(c) are enacted by the Congress—

15 (1) as an exercise of the rulemaking power of
16 the House of Representatives and the Senate, re-
17 spectively, and as such are deemed a part of the
18 rules of each House, respectively, and such proce-
19 dures supersede other rules only to the extent that
20 they are inconsistent with such other rules; and

21 (2) with the full recognition of the constitu-
22 tional right of either House to change the rules (so
23 far as relating to the procedures of that House) at
24 any time, in the same manner, and to the same ex-
25 tent as any other rule of that House.



1 **SEC. 2106. TREATMENT OF CERTAIN TRADE AGREEMENTS**
2 **FOR WHICH NEGOTIATIONS HAVE ALREADY**
3 **BEGUN.**

4 (a) CERTAIN AGREEMENTS.—Notwithstanding sec-
5 tion 2103(b)(2), if an agreement to which section 2103(b)
6 applies—

7 (1) is entered into under the auspices of the
8 World Trade Organization,

9 (2) is entered into with Chile,

10 (3) is entered into with Singapore, or

11 (4) establishes a Free Trade Area for the
12 Americas,

13 and results from negotiations that were commenced before
14 the date of the enactment of this Act, subsection (b) shall
15 apply.

16 (b) TREATMENT OF AGREEMENTS.—In the case of
17 any agreement to which subsection (a) applies—

18 (1) the applicability of the trade authorities
19 procedures to implementing bills shall be determined
20 without regard to the requirements of section
21 2104(a) (relating only to 90 days notice prior to ini-
22 tiating negotiations), and any procedural disapproval
23 resolution under section 2105(b)(1)(B) shall not be
24 in order on the basis of a failure or refusal to com-
25 ply with the provisions of section 2104(a); and



1 (2) the President shall, as soon as feasible after
2 the enactment of this Act—

3 (A) notify the Congress of the negotiations
4 described in subsection (a), the specific United
5 States objectives in the negotiations, and
6 whether the President is seeking a new agree-
7 ment or changes to an existing agreement; and

8 (B) before and after submission of the no-
9 tice, consult regarding the negotiations with the
10 committees referred to in section 2104(a)(2)
11 and the Congressional Oversight Group.

12 **SEC. 2107. CONGRESSIONAL OVERSIGHT GROUP.**

13 (a) MEMBERS AND FUNCTIONS.—

14 (1) IN GENERAL.—By not later than 60 days
15 after the date of the enactment of this Act, and not
16 later than 30 days after the convening of each Con-
17 gress, the chairman of the Committee on Ways and
18 Means of the House of Representatives and the
19 chairman of the Committee on Finance of the Sen-
20 ate shall convene the Congressional Oversight
21 Group.

22 (2) MEMBERSHIP FROM THE HOUSE.—In each
23 Congress, the Congressional Oversight Group shall
24 be comprised of the following Members of the House
25 of Representatives:



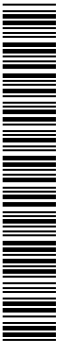
1 (A) The chairman and ranking member of
2 the Committee on Ways and Means, and 3 ad-
3 ditional members of such Committee (not more
4 than 2 of whom are members of the same polit-
5 ical party).

6 (B) The chairman and ranking member, or
7 their designees, of the committees of the House
8 of Representatives which would have, under the
9 Rules of the House of Representatives, jurisdic-
10 tion over provisions of law affected by a trade
11 agreement negotiations for which are conducted
12 at any time during that Congress and to which
13 this title would apply.

14 (3) MEMBERSHIP FROM THE SENATE.—In each
15 Congress, the Congressional Oversight Group shall
16 also be comprised of the following members of the
17 Senate:

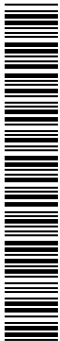
18 (A) The chairman and ranking Member of
19 the Committee on Finance and 3 additional
20 members of such Committee (not more than 2
21 of whom are members of the same political
22 party).

23 (B) The chairman and ranking member, or
24 their designees, of the committees of the Senate
25 which would have, under the Rules of the Sen-



1 ate, jurisdiction over provisions of law affected
2 by a trade agreement negotiations for which are
3 conducted at any time during that Congress
4 and to which this title would apply.

5 (4) ACCREDITATION.—Each member of the
6 Congressional Oversight Group described in para-
7 graph (2)(A) and (3)(A) shall be accredited by the
8 United States Trade Representative on behalf of the
9 President as official advisers to the United States
10 delegation in negotiations for any trade agreement
11 to which this title applies. Each member of the Con-
12 gressional Oversight Group described in paragraph
13 (2)(B) and (3)(B) shall be accredited by the United
14 States Trade Representative on behalf of the Presi-
15 dent as official advisers to the United States delega-
16 tion in the negotiations by reason of which the mem-
17 ber is in the Congressional Oversight Group. The
18 Congressional Oversight Group shall consult with
19 and provide advice to the Trade Representative re-
20 garding the formulation of specific objectives, negoti-
21 ating strategies and positions, the development of
22 the applicable trade agreement, and compliance and
23 enforcement of the negotiated commitments under
24 the trade agreement.



1 (5) CHAIR.—The Congressional Oversight
2 Group shall be chaired by the Chairman of the Com-
3 mittee on Ways and Means of the House of Rep-
4 resentatives and the Chairman of the Committee on
5 Finance of the Senate.

6 (b) GUIDELINES.—

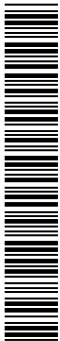
7 (1) PURPOSE AND REVISION.—The United
8 States Trade Representative, in consultation with
9 the chairmen and ranking minority members of the
10 Committee on Ways and Means of the House of
11 Representatives and the Committee on Finance of
12 the Senate—

13 (A) shall, within 120 days after the date of
14 the enactment of this Act, develop written
15 guidelines to facilitate the useful and timely ex-
16 change of information between the Trade Rep-
17 resentative and the Congressional Oversight
18 Group established under this section; and

19 (B) may make such revisions to the guide-
20 lines as may be necessary from time to time.

21 (2) CONTENT.—The guidelines developed under
22 paragraph (1) shall provide for, among other
23 things—

24 (A) regular, detailed briefings of the Con-
25 gressional Oversight Group regarding negoti-



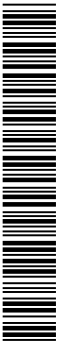
1 ating objectives, including the promotion of cer-
2 tain priorities referred to in section 2102(c),
3 and positions and the status of the applicable
4 negotiations, beginning as soon as practicable
5 after the Congressional Oversight Group is con-
6 vened, with more frequent briefings as trade ne-
7 gotiations enter the final stage;

8 (B) access by members of the Congres-
9 sional Oversight Group, and staff with proper
10 security clearances, to pertinent documents re-
11 lating to the negotiations, including classified
12 materials;

13 (C) the closest practicable coordination be-
14 tween the Trade Representative and the Con-
15 gressional Oversight Group at all critical peri-
16 ods during the negotiations, including at nego-
17 tiation sites; and

18 (D) after the applicable trade agreement is
19 concluded, consultation regarding ongoing com-
20 pliance and enforcement of negotiated commit-
21 ments under the trade agreement.

22 (c) REQUEST FOR MEETING.—Upon the request of
23 a majority of the Congressional Oversight Group, the
24 President shall meet with the Congressional Oversight
25 Group before initiating negotiations with respect to a



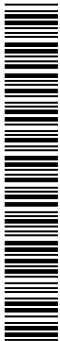
1 trade agreement, or at any other time concerning the ne-
2 gotiations.

3 **SEC. 2108. ADDITIONAL IMPLEMENTATION AND ENFORCE-**
4 **MENT REQUIREMENTS.**

5 (a) IN GENERAL.—At the time the President submits
6 to the Congress the final text of an agreement pursuant
7 to section 2105(a)(1)(C), the President shall also submit
8 a plan for implementing and enforcing the agreement. The
9 implementation and enforcement plan shall include the fol-
10 lowing:

11 (1) BORDER PERSONNEL REQUIREMENTS.—A
12 description of additional personnel required at bor-
13 der entry points, including a list of additional cus-
14 toms and agricultural inspectors.

15 (2) AGENCY STAFFING REQUIREMENTS.—A de-
16 scription of additional personnel required by Federal
17 agencies responsible for monitoring and imple-
18 menting the trade agreement, including personnel
19 required by the Office of the United States Trade
20 Representative, the Department of Commerce, the
21 Department of Agriculture (including additional per-
22 sonnel required to implement sanitary and
23 phytosanitary measures in order to obtain market
24 access for United States exports), the Department of



1 the Treasury, and such other agencies as may be
2 necessary.

3 (3) CUSTOMS INFRASTRUCTURE REQUIRE-
4 MENTS.—A description of the additional equipment
5 and facilities needed by the United States Customs
6 Service.

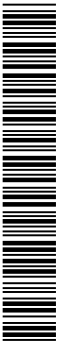
7 (4) IMPACT ON STATE AND LOCAL GOVERN-
8 MENTS.—A description of the impact the trade
9 agreement will have on State and local governments
10 as a result of increases in trade.

11 (5) COST ANALYSIS.—An analysis of the costs
12 associated with each of the items listed in para-
13 graphs (1) through (4).

14 (b) BUDGET SUBMISSION.—The President shall in-
15 clude a request for the resources necessary to support the
16 plan described in subsection (a) in the first budget that
17 the President submits to the Congress after the submis-
18 sion of the plan.

19 **SEC. 2109. COMMITTEE STAFF.**

20 The grant of trade promotion authority under this
21 title is likely to increase the activities of the primary com-
22 mittees of jurisdiction in the area of international trade.
23 In addition, the creation of the Congressional Oversight
24 Group under section 2107 will increase the participation
25 of a broader number of Members of Congress in the for-



1 mulation of United States trade policy and oversight of
2 the international trade agenda for the United States. The
3 primary committees of jurisdiction should have adequate
4 staff to accommodate these increases in activities.

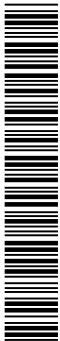
5 **SEC. 2110. CONFORMING AMENDMENTS.**

6 (a) IN GENERAL.—Title I of the Trade Act of 1974
7 (19 U.S.C. 2111 et seq.) is amended as follows:

8 (1) IMPLEMENTING BILL.—

9 (A) Section 151(b)(1) (19 U.S.C.
10 2191(b)(1)) is amended by striking “section
11 1103(a)(1) of the Omnibus Trade and Competi-
12 tiveness Act of 1988, or section 282 of the Uru-
13 guay Round Agreements Act” and inserting
14 “section 282 of the Uruguay Round Agree-
15 ments Act, or section 2105(a)(1) of the Bipar-
16 tisan Trade Promotion Authority Act of 2002”.

17 (B) Section 151(c)(1) (19 U.S.C.
18 2191(c)(1)) is amended by striking “or section
19 282 of the Uruguay Round Agreements Act”
20 and inserting “, section 282 of the Uruguay
21 Round Agreements Act, or section 2105(a)(1)
22 of the Bipartisan Trade Promotion Authority
23 Act of 2002”.



1 (2) ADVICE FROM INTERNATIONAL TRADE COM-
2 MISSION.—Section 131 (19 U.S.C. 2151) is
3 amended—

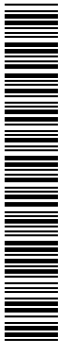
4 (A) in subsection (a)—

5 (i) in paragraph (1), by striking “sec-
6 tion 123 of this Act or section 1102 (a) or
7 (c) of the Omnibus Trade and Competitive-
8 ness Act of 1988,” and inserting “section
9 123 of this Act or section 2103(a) or (b)
10 of the Bipartisan Trade Promotion Au-
11 thority Act of 2002,”; and

12 (ii) in paragraph (2), by striking “sec-
13 tion 1102 (b) or (c) of the Omnibus Trade
14 and Competitiveness Act of 1988” and in-
15 serting “section 2103(b) of the Bipartisan
16 Trade Promotion Authority Act of 2002”;

17 (B) in subsection (b), by striking “section
18 1102(a)(3)(A)” and inserting “section
19 2103(a)(3)(A) of the Bipartisan Trade Pro-
20 motion Authority Act of 2002”; and

21 (C) in subsection (c), by striking “section
22 1102 of the Omnibus Trade and Competitive-
23 ness Act of 1988,” and inserting “section 2103
24 of the Bipartisan Trade Promotion Authority
25 Act of 2002,”.



1 (3) HEARINGS AND ADVICE.—Sections 132,
2 133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and
3 2154(a)) are each amended by striking “section
4 1102 of the Omnibus Trade and Competitiveness
5 Act of 1988,” each place it appears and inserting
6 “section 2103 of the Bipartisan Trade Promotion
7 Authority Act of 2002,”.

8 (4) PREREQUISITES FOR OFFERS.—Section
9 134(b) (19 U.S.C. 2154(b)) is amended by striking
10 “section 1102 of the Omnibus Trade and Competi-
11 tiveness Act of 1988” and inserting “section 2103 of
12 the Bipartisan Trade Promotion Authority Act of
13 2002”.

14 (5) ADVICE FROM PRIVATE AND PUBLIC SEC-
15 TORS.—Section 135 (19 U.S.C. 2155) is amended—

16 (A) in subsection (a)(1)(A), by striking
17 “section 1102 of the Omnibus Trade and Com-
18 petitiveness Act of 1988” and inserting “section
19 2103 of the Bipartisan Trade Promotion Au-
20 thority Act of 2002”;

21 (B) in subsection (e)(1)—

22 (i) by striking “section 1102 of the
23 Omnibus Trade and Competitiveness Act
24 of 1988” each place it appears and insert-



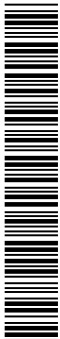
1 ing “section 2103 of the Bipartisan Trade
2 Promotion Authority Act of 2002”; and

3 (ii) by striking “section 1103(a)(1)(A)
4 of such Act of 1988” and inserting “sec-
5 tion 2105(a)(1)(A) of the Bipartisan Trade
6 Promotion Authority Act of 2002”; and
7 (C) in subsection (e)(2), by striking “sec-
8 tion 1101 of the Omnibus Trade and Competi-
9 tiveness Act of 1988” and inserting “section
10 2102 of the Bipartisan Trade Promotion Au-
11 thority Act of 2002”.

12 (6) TRANSMISSION OF AGREEMENTS TO CON-
13 GRESS.—Section 162(a) (19 U.S.C. 2212(a)) is
14 amended by striking “or under section 1102 of the
15 Omnibus Trade and Competitiveness Act of 1988”
16 and inserting “or under section 2103 of the Bipar-
17 tisan Trade Promotion Authority Act of 2002”.

18 (b) APPLICATION OF CERTAIN PROVISIONS.—For
19 purposes of applying sections 125, 126, and 127 of the
20 Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and
21 2137)—

22 (1) any trade agreement entered into under sec-
23 tion 2103 shall be treated as an agreement entered
24 into under section 101 or 102, as appropriate, of the
25 Trade Act of 1974 (19 U.S.C. 2111 or 2112); and



1 (2) any proclamation or Executive order issued
2 pursuant to a trade agreement entered into under
3 section 2103 shall be treated as a proclamation or
4 Executive order issued pursuant to a trade agree-
5 ment entered into under section 102 of the Trade
6 Act of 1974.

7 **SEC. 2111. DEFINITIONS.**

8 In this title:

9 (1) AGREEMENT ON AGRICULTURE.—The term
10 “Agreement on Agriculture” means the agreement
11 referred to in section 101(d)(2) of the Uruguay
12 Round Agreements Act (19 U.S.C. 3511(d)(2)).

13 (2) CORE LABOR STANDARDS.—The term “core
14 labor standards” means—

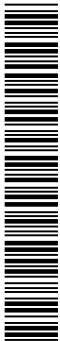
15 (A) the right of association;

16 (B) the right to organize and bargain col-
17 lectively;

18 (C) a prohibition on the use of any form
19 of forced or compulsory labor;

20 (D) a minimum age for the employment of
21 children; and

22 (E) acceptable conditions of work with re-
23 spect to minimum wages, hours of work, and
24 occupational safety and health.



1 (3) GATT 1994.—The term “GATT 1994” has
2 the meaning given that term in section 2 of the Uru-
3 guay Round Agreements Act (19 U.S.C. 3501).

4 (4) ILO.—The term “ILO” means the Inter-
5 national Labor Organization.

6 (5) UNITED STATES PERSON.—The term
7 “United States person” means—

8 (A) a United States citizen;

9 (B) a partnership, corporation, or other
10 legal entity organized under the laws of the
11 United States; and

12 (C) a partnership, corporation, or other
13 legal entity that is organized under the laws of
14 a foreign country and is controlled by entities
15 described in subparagraph (B) or United States
16 citizens, or both.

17 (6) URUGUAY ROUND AGREEMENTS.—The term
18 “Uruguay Round Agreements” has the meaning
19 given that term in section 2(7) of the Uruguay
20 Round Agreements Act (19 U.S.C. 3501(7)).

21 (7) WORLD TRADE ORGANIZATION; WTO.—The
22 terms “World Trade Organization” and “WTO”
23 mean the organization established pursuant to the
24 WTO Agreement.



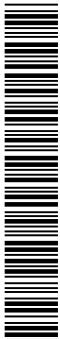
1 (8) WTO AGREEMENT.—The term “WTO
2 Agreement” means the Agreement Establishing the
3 World Trade Organization entered into on April 15,
4 1994.

5 (9) WTO MEMBER.—The term “WTO mem-
6 ber” has the meaning given that term in section
7 2(10) of the Uruguay Round Agreements Act (19
8 U.S.C. 3501(10)).

9 (10) OTHER DEFINITIONS.—

10 (A) AGREEMENT ON SUBSIDIES AND
11 COUNTERVAILING MEASURES.—The term
12 “Agreement on Subsidies and Countervailing
13 Measures” means the agreement referred to in
14 section 101(d)(12) of the Uruguay Round
15 Agreements Act (19 U.S.C. 3511(d)(12)).

16 (B) ANTIDUMPING AGREEMENT.—The
17 term “Antidumping Agreement” means the
18 Agreement on Implementation of Article VI of
19 the General Agreement on Tariffs and Trade
20 1994 referred to in section 101(d)(7) of the
21 Uruguay Round Agreements Act (19 U.S.C.
22 3511(d)(7)).



1 **DIVISION C—ANDEAN TRADE**
2 **PREFERENCE ACT**
3 **TITLE XXXI—ANDEAN TRADE**
4 **PREFERENCE**

5 **SEC. 3101. SHORT TITLE.**

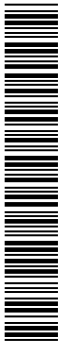
6 This title may be cited as the “Andean Trade Pro-
7 motion and Drug Eradication Act”.

8 **SEC. 3102. FINDINGS.**

9 Congress makes the following findings:

10 (1) Since the Andean Trade Preference Act was
11 enacted in 1991, it has had a positive impact on
12 United States trade with Bolivia, Colombia, Ecua-
13 dor, and Peru. Two-way trade has doubled, with the
14 United States serving as the leading source of im-
15 ports and leading export market for each of the An-
16 dean beneficiary countries. This has resulted in in-
17 creased jobs and expanded export opportunities in
18 both the United States and the Andean region.

19 (2) The Andean Trade Preference Act has been
20 a key element in the United States counternarcotics
21 strategy in the Andean region, promoting export di-
22 versification and broad-based economic development
23 that provides sustainable economic alternatives to
24 drug-crop production, strengthening the legitimate



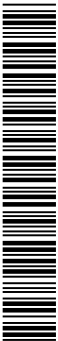
1 economies of Andean countries and creating viable
2 alternatives to illicit trade in coca.

3 (3) Notwithstanding the success of the Andean
4 Trade Preference Act, the Andean region remains
5 threatened by political and economic instability and
6 fragility, vulnerable to the consequences of the drug
7 war and fierce global competition for its legitimate
8 trade.

9 (4) The continuing instability in the Andean re-
10 gion poses a threat to the security interests of the
11 United States and the world. This problem has been
12 partially addressed through foreign aid, such as Plan
13 Colombia, enacted by Congress in 2000. However,
14 foreign aid alone is not sufficient. Enhancement of
15 legitimate trade with the United States provides an
16 alternative means for reviving and stabilizing the
17 economies in the Andean region.

18 (5) The Andean Trade Preference Act con-
19 stitutes a tangible commitment by the United States
20 to the promotion of prosperity, stability, and democ-
21 racy in the beneficiary countries.

22 (6) Renewal and enhancement of the Andean
23 Trade Preference Act will bolster the confidence of
24 domestic private enterprise and foreign investors in
25 the economic prospects of the region, ensuring that



1 legitimate private enterprise can be the engine of
2 economic development and political stability in the
3 region.

4 (7) Each of the Andean beneficiary countries is
5 committed to conclude negotiation of a Free Trade
6 Area of the Americas by the year 2005, as a means
7 of enhancing the economic security of the region.

8 (8) Temporarily enhancing trade benefits for
9 Andean beneficiary countries will promote the
10 growth of free enterprise and economic opportunity
11 in these countries and serve the security interests of
12 the United States, the region, and the world.

13 **SEC. 3103. ARTICLES ELIGIBLE FOR PREFERENTIAL TREAT-**
14 **MENT.**

15 (a) **ELIGIBILITY OF CERTAIN ARTICLES.**—Section
16 204 of the Andean Trade Preference Act (19 U.S.C.
17 3203) is amended—

18 (1) by striking subsection (c) and redesignating
19 subsections (d) through (g) as subsections (c)
20 through (f), respectively; and

21 (2) by amending subsection (b) to read as fol-
22 lows:

23 “(b) **EXCEPTIONS AND SPECIAL RULES.**—

24 “(1) **CERTAIN ARTICLES THAT ARE NOT IM-**
25 **PORT-SENSITIVE.**—The President may proclaim



1 duty-free treatment under this title for any article
2 described in subparagraph (A), (B), (C), or (D) that
3 is the growth, product, or manufacture of an
4 ATPDEA beneficiary country and that meets the re-
5 quirements of this section, if the President deter-
6 mines that such article is not import-sensitive in the
7 context of imports from ATPDEA beneficiary coun-
8 tries:

9 “(A) Footwear not designated at the time
10 of the effective date of this Act as eligible for
11 the purpose of the generalized system of pref-
12 erences under title V of the Trade Act of 1974.

13 “(B) Petroleum, or any product derived
14 from petroleum, provided for in headings 2709
15 and 2710 of the HTS.

16 “(C) Watches and watch parts (including
17 cases, bracelets and straps), of whatever type
18 including, but not limited to, mechanical, quartz
19 digital or quartz analog, if such watches or
20 watch parts contain any material which is the
21 product of any country with respect to which
22 HTS column 2 rates of duty apply.

23 “(D) Handbags, luggage, flat goods, work
24 gloves, and leather wearing apparel that were
25 not designated on August 5, 1983, as eligible



1 articles for purposes of the generalized system
2 of preferences under title V of the Trade Act of
3 1974.

4 “(2) EXCLUSIONS.—Subject to paragraph (3),
5 duty-free treatment under this title may not be ex-
6 tended to—

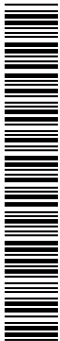
7 “(A) textiles and apparel articles which
8 were not eligible articles for purposes of this
9 title on January 1, 1994, as this title was in ef-
10 fect on that date;

11 “(B) rum and tafia classified in sub-
12 heading 2208.40 of the HTS; or

13 “(C) sugars, syrups, and sugar-containing
14 products subject to over-quota duty rates under
15 applicable tariff-rate quotas.

16 “(3) APPAREL ARTICLES.—

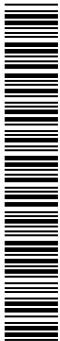
17 “(A) IN GENERAL.—Apparel articles that
18 are imported directly into the customs territory
19 of the United States from an ATPDEA bene-
20 ficiary country shall enter the United States
21 free of duty and free of any quantitative restric-
22 tions, limitations, or consultation levels, but
23 only if such articles are described in subpara-
24 graph (B).



1 “(B) COVERED ARTICLES.—The apparel
2 articles referred to in subparagraph (A) are the
3 following:

4 “(i) APPAREL ARTICLES ASSEMBLED
5 FROM PRODUCTS OF THE UNITED STATES
6 AND ATPDEA BENEFICIARY COUNTRIES OR
7 PRODUCTS NOT AVAILABLE IN COMMER-
8 CIAL QUANTITIES.—Apparel articles sewn
9 or otherwise assembled in 1 or more
10 ATPDEA beneficiary countries, or the
11 United States, or both, exclusively from
12 any one or any combination of the fol-
13 lowing:

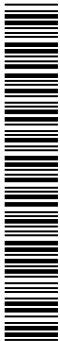
14 “(I) Fabrics or fabric compo-
15 nents formed, or components knit-to-
16 shape, in the United States, from
17 yarns formed in the United States or
18 1 or more ATPDEA beneficiary coun-
19 tries (including fabrics not formed
20 from yarns, if such fabrics are classi-
21 fiable under heading 5602 or 5603 of
22 the HTS and are formed in the
23 United States). Apparel articles shall
24 qualify under this subclause only if all
25 dyeing, printing, and finishing of the



1 fabrics from which the articles are as-
2 sembled, if the fabrics are knit fab-
3 rics, is carried out in the United
4 States. Apparel articles shall qualify
5 under this subclause only if all dyeing,
6 printing, and finishing of the fabrics
7 from which the articles are assembled,
8 if the fabrics are woven fabrics, is car-
9 ried out in the United States.

10 “(II) Fabrics or fabric compo-
11 nents formed or components knit-to-
12 shape, in 1 or more ATPDEA bene-
13 ficiary countries, from yarns formed
14 in 1 or more ATPDEA beneficiary
15 countries, if such fabrics (including
16 fabrics not formed from yarns, if such
17 fabrics are classifiable under heading
18 5602 or 5603 of the HTS and are
19 formed in 1 or more ATPDEA bene-
20 ficiary countries) or components are
21 in chief weight of llama or alpaca.

22 “(III) Fabrics or yarn that is not
23 formed in the United States or in one
24 or more ATPDEA beneficiary coun-
25 tries, to the extent that apparel arti-



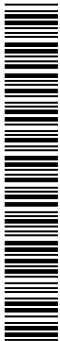
1 cles of such fabrics or yarn would be
2 eligible for preferential treatment,
3 without regard to the source of the
4 fabrics or yarn, under Annex 401 of
5 the NAFTA.

6 “(ii) ADDITIONAL FABRICS.—At the
7 request of any interested party, the Presi-
8 dent is authorized to proclaim additional
9 fabrics and yarns as eligible for pref-
10 erential treatment under clause (i)(III)
11 if—

12 “(I) the President determines
13 that such fabrics or yarns cannot be
14 supplied by the domestic industry in
15 commercial quantities in a timely
16 manner;

17 “(II) the President has obtained
18 advice regarding the proposed action
19 from the appropriate advisory com-
20 mittee established under section 135
21 of the Trade Act of 1974 (19 U.S.C.
22 2155) and the United States Inter-
23 national Trade Commission;

24 “(III) within 60 days after the
25 request, the President has submitted



1 a report to the Committee on Ways
2 and Means of the House of Rep-
3 resentatives and the Committee on Fi-
4 nance of the Senate that sets forth
5 the action proposed to be proclaimed
6 and the reasons for such action, and
7 the advice obtained under subclause
8 (II);

9 “(IV) a period of 60 calendar
10 days, beginning with the first day on
11 which the President has met the re-
12 quirements of subclause (III), has ex-
13 pired; and

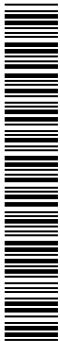
14 “(V) the President has consulted
15 with such committees regarding the
16 proposed action during the period re-
17 ferred to in subclause (III).

18 “(iii) APPAREL ARTICLES ASSEMBLED
19 IN 1 OR MORE ATPDEA BENEFICIARY
20 COUNTRIES FROM REGIONAL FABRICS OR
21 REGIONAL COMPONENTS.—(I) Subject to
22 the limitation set forth in subclause (II),
23 apparel articles sewn or otherwise assem-
24 bled in 1 or more ATPDEA beneficiary
25 countries from fabrics or from fabric com-



1 ponents formed or from components knit-
2 to-shape, in 1 or more ATPDEA bene-
3 ficiary countries, from yarns formed in the
4 United States or 1 or more ATPDEA ben-
5 eficiary countries (including fabrics not
6 formed from yarns, if such fabrics are clas-
7 sifiable under heading 5602 or 5603 of the
8 HTS and are formed in 1 or more
9 ATPDEA beneficiary countries), whether
10 or not the apparel articles are also made
11 from any of the fabrics, fabric components
12 formed, or components knit-to-shape de-
13 scribed in clause (i).

14 “(II) The preferential treatment re-
15 ferred to in subclause (I) shall be extended
16 in the 1-year period beginning December
17 1, 2001, and in each of the 5 succeeding
18 1-year periods, to imports of apparel arti-
19 cles in an amount not to exceed the appli-
20 cable percentage of the aggregate square
21 meter equivalents of all apparel articles im-
22 ported into the United States in the pre-
23 ceding 12-month period for which data are
24 available.

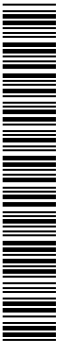


1 “(III) For purposes of subclause (II),
2 the term ‘applicable percentage’ means 3
3 percent for the 1-year period beginning
4 December 1, 2001, increased in each of the
5 5 succeeding 1-year periods by equal incre-
6 ments, so that for the period beginning
7 December 1, 2005, the applicable percent-
8 age does not exceed 6 percent.

9 “(iv) HANDLOOMED, HANDMADE, AND
10 FOLKLORE ARTICLES.—A handloomed,
11 handmade, or folklore article of an
12 ATPDEA beneficiary country identified
13 under subparagraph (C) that is certified as
14 such by the competent authority of such
15 beneficiary country.

16 “(v) SPECIAL RULES.—

17 “(I) EXCEPTION FOR FINDINGS
18 AND TRIMMINGS.—An article other-
19 wise eligible for preferential treatment
20 under this paragraph shall not be in-
21 eligible for such treatment because the
22 article contains findings or trimmings
23 of foreign origin, if such findings and
24 trimmings do not exceed 25 percent of
25 the cost of the components of the as-



1 sembled product. Examples of find-
2 ings and trimmings are sewing thread,
3 hooks and eyes, snaps, buttons, ‘bow
4 buds’, decorative lace, trim, elastic
5 strips, zippers, including zipper tapes
6 and labels, and other similar products.

7 “(II) CERTAIN INTERLINING.—
8 (aa) An article otherwise eligible for
9 preferential treatment under this
10 paragraph shall not be ineligible for
11 such treatment because the article
12 contains certain interlinings of foreign
13 origin, if the value of such interlinings
14 (and any findings and trimmings)
15 does not exceed 25 percent of the cost
16 of the components of the assembled
17 article.

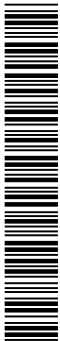
18 “(bb) Interlinings eligible for the
19 treatment described in division (aa)
20 include only a chest type plate, ‘hymo’
21 piece, or ‘sleeve header’, of woven or
22 weft-inserted warp knit construction
23 and of coarse animal hair or man-
24 made filaments.



1 “(cc) The treatment described in
2 this subclause shall terminate if the
3 President makes a determination that
4 United States manufacturers are pro-
5 ducing such interlinings in the United
6 States in commercial quantities.

7 “(III) DE MINIMIS RULE.—An
8 article that would otherwise be ineli-
9 gible for preferential treatment under
10 this subparagraph because the article
11 contains fibers or yarns not wholly
12 formed in the United States or in one
13 or more ATPDEA beneficiary coun-
14 tries shall not be ineligible for such
15 treatment if the total weight of all
16 such fibers or yarns is not more than
17 7 percent of the total weight of the
18 good.

19 “(C) HANDLOOMED, HANDMADE, AND
20 FOLKLORE ARTICLES.—For purposes of sub-
21 paragraph (B)(iv), the President shall consult
22 with representatives of the ATPDEA bene-
23 ficiary countries concerned for the purpose of
24 identifying particular textile and apparel goods
25 that are mutually agreed upon as being



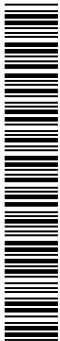
1 handloomed, handmade, or folklore goods of a
2 kind described in section 2.3(a), (b), or (c) of
3 the Annex or Appendix 3.1.B.11 of the Annex.

4 “(D) PENALTIES FOR TRANSSHIPMENT.—

5 “(i) PENALTIES FOR EXPORTERS.—If
6 the President determines, based on suffi-
7 cient evidence, that an exporter has en-
8 gaged in transshipment with respect to ap-
9 parel articles from an ATPDEA bene-
10 ficiary country, then the President shall
11 deny all benefits under this title to such
12 exporter, and any successor of such ex-
13 porter, for a period of 2 years.

14 “(ii) PENALTIES FOR COUNTRIES.—

15 Whenever the President finds, based on
16 sufficient evidence, that transshipment has
17 occurred, the President shall request that
18 the ATPDEA beneficiary country or coun-
19 tries through whose territory the trans-
20 shipment has occurred take all necessary
21 and appropriate actions to prevent such
22 transshipment. If the President determines
23 that a country is not taking such actions,
24 the President shall reduce the quantities of
25 apparel articles that may be imported into

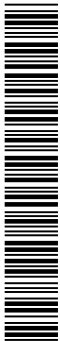


1 the United States from such country by
2 the quantity of the transshipped articles
3 multiplied by 3, to the extent consistent
4 with the obligations of the United States
5 under the WTO.

6 “(iii) TRANSSHIPMENT DESCRIBED.—
7 Transshipment within the meaning of this
8 subparagraph has occurred when pref-
9 erential treatment under subparagraph (A)
10 has been claimed for an apparel article on
11 the basis of material false information con-
12 cerning the country of origin, manufacture,
13 processing, or assembly of the article or
14 any of its components. For purposes of
15 this clause, false information is material if
16 disclosure of the true information would
17 mean or would have meant that the article
18 is or was ineligible for preferential treat-
19 ment under subparagraph (A).

20 “(E) BILATERAL EMERGENCY ACTIONS.—

21 “(i) IN GENERAL.—The President
22 may take bilateral emergency tariff actions
23 of a kind described in section 4 of the
24 Annex with respect to any apparel article
25 imported from an ATPDEA beneficiary



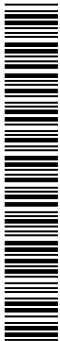
1 country if the application of tariff treat-
2 ment under subparagraph (A) to such arti-
3 cle results in conditions that would be
4 cause for the taking of such actions under
5 such section 4 with respect to a like article
6 described in the same 8-digit subheading
7 of the HTS that is imported from Mexico.

8 “(ii) RULES RELATING TO BILATERAL
9 EMERGENCY ACTION.—For purposes of ap-
10 plying bilateral emergency action under
11 this subparagraph—

12 “(I) the requirements of para-
13 graph (5) of section 4 of the Annex
14 (relating to providing compensation)
15 shall not apply;

16 “(II) the term ‘transition period’
17 in section 4 of the Annex shall mean
18 the period ending December 31, 2006;
19 and

20 “(III) the requirements to con-
21 sult specified in section 4 of the
22 Annex shall be treated as satisfied if
23 the President requests consultations
24 with the ATPDEA beneficiary country
25 in question and the country does not



1 agree to consult within the time pe-
2 riod specified under section 4.

3 “(4) CUSTOMS PROCEDURES.—

4 “(A) IN GENERAL.—

5 “(i) REGULATIONS.—Any importer
6 that claims preferential treatment under
7 paragraph (1) or (3) shall comply with
8 customs procedures similar in all material
9 respects to the requirements of Article
10 502(1) of the NAFTA as implemented
11 pursuant to United States law, in accord-
12 ance with regulations promulgated by the
13 Secretary of the Treasury.

14 “(ii) DETERMINATION.—

15 “(I) IN GENERAL.—In order to
16 qualify for the preferential treatment
17 under paragraph (1) or (3) and for a
18 Certificate of Origin to be valid with
19 respect to any article for which such
20 treatment is claimed, there shall be in
21 effect a determination by the Presi-
22 dent that each country described in
23 subclause (II)—

24 “(aa) has implemented and
25 follows; or



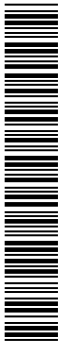
1 “(bb) is making substantial
2 progress toward implementing
3 and following,
4 procedures and requirements similar
5 in all material respects to the relevant
6 procedures and requirements under
7 chapter 5 of the NAFTA.

8 “(II) COUNTRY DESCRIBED.—A
9 country is described in this subclause
10 if it is an ATPDEA beneficiary
11 country—

12 “(aa) from which the article
13 is exported; or

14 “(bb) in which materials
15 used in the production of the ar-
16 ticle originate or in which the ar-
17 ticle or such materials undergo
18 production that contributes to a
19 claim that the article is eligible
20 for preferential treatment under
21 paragraph (1) or (3).

22 “(B) CERTIFICATE OF ORIGIN.—The Cer-
23 tificate of Origin that otherwise would be re-
24 quired pursuant to the provisions of subpara-
25 graph (A) shall not be required in the case of



1 an article imported under paragraph (1) or (3)
2 if such Certificate of Origin would not be re-
3 quired under Article 503 of the NAFTA (as im-
4 plemented pursuant to United States law), if
5 the article were imported from Mexico.

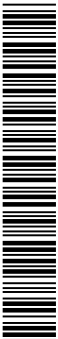
6 “(5) DEFINITIONS.—In this subsection—

7 “(A) ANNEX.—The term ‘the Annex’
8 means Annex 300-B of the NAFTA.

9 “(B) ATPDEA BENEFICIARY COUNTRY.—
10 The term ‘ATPDEA beneficiary country’ means
11 any ‘beneficiary country’, as defined in section
12 203(a)(1) of this title, which the President des-
13 ignates as an ATPDEA beneficiary country,
14 taking into account the criteria contained in
15 subsections (c) and (d) of section 203 and other
16 appropriate criteria, including the following:

17 “(i) Whether the beneficiary country
18 has demonstrated a commitment to—

19 “(I) undertake its obligations
20 under the WTO, including those
21 agreements listed in section 101(d) of
22 the Uruguay Round Agreements Act,
23 on or ahead of schedule; and



1 “(II) participate in negotiations
2 toward the completion of the FTAA
3 or another free trade agreement.

4 “(ii) The extent to which the country
5 provides protection of intellectual property
6 rights consistent with or greater than the
7 protection afforded under the Agreement
8 on Trade-Related Aspects of Intellectual
9 Property Rights described in section
10 101(d)(15) of the Uruguay Round Agree-
11 ments Act.

12 “(iii) The extent to which the country
13 provides internationally recognized worker
14 rights, including—

15 “(I) the right of association;

16 “(II) the right to organize and
17 bargain collectively;

18 “(III) a prohibition on the use of
19 any form of forced or compulsory
20 labor;

21 “(IV) a minimum age for the em-
22 ployment of children; and

23 “(V) acceptable conditions of
24 work with respect to minimum wages,



1 hours of work, and occupational safe-
2 ty and health;

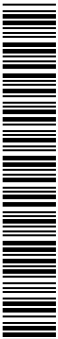
3 “(iv) Whether the country has imple-
4 mented its commitments to eliminate the
5 worst forms of child labor, as defined in
6 section 507(6) of the Trade Act of 1974.

7 “(v) The extent to which the country
8 has met the counternarcotics certification
9 criteria set forth in section 490 of the For-
10 eign Assistance Act of 1961 (22 U.S.C.
11 2291j) for eligibility for United States as-
12 sistance.

13 “(vi) The extent to which the country
14 has taken steps to become a party to and
15 implements the Inter-American Convention
16 Against Corruption.

17 “(vii) The extent to which the
18 country—

19 “(I) applies transparent, non-
20 discriminatory, and competitive proce-
21 dures in government procurement
22 equivalent to those contained in the
23 Agreement on Government Procure-
24 ment described in section 101(d)(17)



1 of the Uruguay Round Agreements
2 Act; and

3 “(II) contributes to efforts in
4 international fora to develop and im-
5 plement international rules in trans-
6 parency in government procurement.

7 “(C) NAFTA.—The term ‘NAFTA’ means
8 the North American Free Trade Agreement en-
9 tered into between the United States, Mexico,
10 and Canada on December 17, 1992.

11 “(D) WTO.—The term ‘WTO’ has the
12 meaning given that term in section 2 of the
13 Uruguay Round Agreements Act (19 U.S.C.
14 3501).

15 “(E) ATPDEA.—The term ‘ATPDEA’
16 means the Andean Trade Promotion and Drug
17 Eradication Act.”.

18 (b) DETERMINATION REGARDING RETENTION OF
19 DESIGNATION.—Section 203(e)(1) of the Andean Trade
20 Preference Act (19 U.S.C. 3202(e)(1)) is amended—

21 (1) by redesignating subparagraphs (A) and
22 (B) as clauses (i) and (ii), respectively;
23 (2) by inserting “(A)” after “(1)”; and
24 (3) by adding at the end the following:



1 “(B) The President may, after the requirements of
2 paragraph (2) have been met—

3 “(i) withdraw or suspend the designation of any
4 country as an ATPDEA beneficiary country, or

5 “(ii) withdraw, suspend, or limit the application
6 of preferential treatment under section 204(b)(1) or
7 (3) to any article of any country,
8 if, after such designation, the President determines that,
9 as a result of changed circumstances, the performance of
10 such country is not satisfactory under the criteria set forth
11 in section 204(b)(5)(B).”.

12 (c) CONFORMING AMENDMENTS.—(1) Section 202 of
13 the Andean Trade Preference Act (19 U.S.C. 3201) is
14 amended by inserting “(or other preferential treatment)”
15 after “treatment”.

16 (2) Section 204(a) of the Andean Trade Preference
17 Act (19 U.S.C. 3203(a)) is amended—

18 (A) in paragraph (1), by inserting “(or other-
19 wise provided for)” after “eligibility”; and

20 (B) in paragraph (2), by striking “subsection
21 (a)” and inserting “paragraph (1)”.

22 **SEC. 3104. TERMINATION OF PREFERENTIAL TREATMENT.**

23 Section 208 of the Andean Trade Preference Act (19
24 U.S.C. 3206) is amended to read as follows:



1 **“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.**

2 “No duty-free treatment or other preferential treat-
3 ment extended to beneficiary countries under this title
4 shall remain in effect after December 31, 2006.”.

5 **SEC. 3105. TRADE BENEFITS UNDER THE CARIBBEAN BASIN**
6 **ECONOMIC RECOVERY ACT.**

7 Section 213(b)(2)(A) of the Caribbean Basin Eco-
8 nomic Recovery Act (19 U.S.C. 2703(b)(2)(A)) is amend-
9 ed as follows:

10 (1) Clause (i) is amended—

11 (A) by striking the matter preceding sub-
12 clause (I) and inserting the following:

13 “(i) APPAREL ARTICLES ASSEMBLED
14 IN ONE OR MORE CBTPA BENEFICIARY
15 COUNTRIES.—Apparel articles sewn or oth-
16 erwise assembled in one or more CBTPA
17 beneficiary countries from fabrics wholly
18 formed and cut, or from components knit-
19 to-shape, in the United States from yarns
20 wholly formed in the United States, (in-
21 cluding fabrics not formed from yarns, if
22 such fabrics are classifiable under heading
23 5602 or 5603 of the HTS and are wholly
24 formed and cut in the United States) that
25 are—”; and

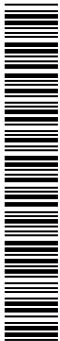
26 (B) by adding at the end the following:



1 “Apparel articles shall qualify under the
2 preceding sentence only if all dyeing, print-
3 ing, and finishing of the fabrics from
4 which the articles are assembled, if the
5 fabrics are knit fabrics, is carried out in
6 the United States. Apparel articles shall
7 qualify under the first sentence of this
8 clause only if all dyeing, printing, and fin-
9 ishing of the fabrics from which the arti-
10 cles are assembled, if the fabrics are woven
11 fabrics, is carried out in the United
12 States.”.

13 (2) Clause (ii) is amended to read as follows:

14 “(ii) OTHER APPAREL ARTICLES AS-
15 SEMBLED IN ONE OR MORE CBTPA BENE-
16 FICIARY COUNTRIES.—Apparel articles
17 sewn or otherwise assembled in one or
18 more CBTPA beneficiary countries with
19 thread formed in the United States from
20 fabrics wholly formed in the United States
21 and cut in one or more CBTPA beneficiary
22 countries from yarns wholly formed in the
23 United States, or from components knit-to-
24 shape in the United States from yarns
25 wholly formed in the United States, or



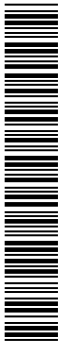
1 both (including fabrics not formed from
2 yarns, if such fabrics are classifiable under
3 heading 5602 or 5603 of the HTS and are
4 wholly formed in the United States). Ap-
5 parel articles shall qualify under the pre-
6 ceding sentence only if all dyeing, printing,
7 and finishing of the fabrics from which the
8 articles are assembled, if the fabrics are
9 knit fabrics, is carried out in the United
10 States. Apparel articles shall qualify under
11 the first sentence of this clause only if all
12 dyeing, printing, and finishing of the fab-
13 rics from which the articles are assembled,
14 if the fabrics are woven fabrics, is carried
15 out in the United States.”.

16 (3) Clause (iii)(II) is amended to read as fol-
17 lows:

18 “(II) The amount referred to in sub-
19 clause (I) is as follows:

20 “(aa) 290,000,000 square meter
21 equivalents during the 1-year period
22 beginning on October 1, 2001.

23 “(bb) 500,000,000 square meter
24 equivalents during the 1-year period
25 beginning on October 1, 2002.



1 “(cc) 850,000,000 square meter
2 equivalents during the 1-year period
3 beginning on October 1, 2003.

4 “(dd) 970,000,000 square meter
5 equivalents in each succeeding 1-year
6 period through September 30, 2008.”.

7 (4) Clause (iii)(IV) is amended to read as fol-
8 lows:

9 “(IV) The amount referred to in sub-
10 clause (III) is as follows:

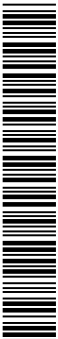
11 “(aa) 4,872,000 dozen during the
12 1-year period beginning on October 1,
13 2001.

14 “(bb) 9,000,000 dozen during the
15 1-year period beginning on October 1,
16 2002.

17 “(cc) 10,000,000 dozen during
18 the 1-year period beginning on Octo-
19 ber 1, 2003.

20 “(dd) 12,000,000 dozen in each
21 succeeding 1-year period through Sep-
22 tember 30, 2008.”.

23 (5) Section 213(b)(2)(A) of such Act is further
24 amended by adding at the end the following new
25 clause:



1 “(ix) APPAREL ARTICLES ASSEMBLED
2 IN ONE OR MORE CBTPA BENEFICIARY
3 COUNTRIES FROM UNITED STATES AND
4 CBTPA BENEFICIARY COUNTRY COMPO-
5 NENTS.—Apparel articles sewn or other-
6 wise assembled in one or more CBTPA
7 beneficiary countries with thread formed in
8 the United States from components cut in
9 the United States and in one or more
10 CBTPA beneficiary countries from fabric
11 wholly formed in the United States from
12 yarns wholly formed in the United States,
13 or from components knit-to-shape in the
14 United States and one or more CBTPA
15 beneficiary countries from yarns wholly
16 formed in the United States, or both (in-
17 cluding fabrics not formed from yarns, if
18 such fabrics are classifiable under heading
19 5602 or 5603 of the HTS).”.

20 **SEC. 3106. TRADE BENEFITS UNDER THE AFRICAN GROWTH**
21 **AND OPPORTUNITY ACT.**

22 Section 112(b) of the African Growth and Oppor-
23 tunity Act (19 U.S.C. 3721(b)) is amended as follows:

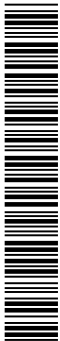


1 (1) Paragraph (1) is amended by amending the
2 matter preceding subparagraph (A) to read as fol-
3 lows:

4 “(1) APPAREL ARTICLES ASSEMBLED IN ONE
5 OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
6 COUNTRIES.—Apparel articles sewn or otherwise as-
7 sembled in one or more beneficiary sub-Saharan Af-
8 rican countries from fabrics wholly formed and cut,
9 or from components knit-to-shape, in the United
10 States from yarns wholly formed in the United
11 States, (including fabrics not formed from yarns, if
12 such fabrics are classifiable under heading 5602 or
13 5603 of the HTS and are wholly formed and cut in
14 the United States) that are—”.

15 (2) Paragraph (2) is amended to read as fol-
16 lows:

17 “(2) OTHER APPAREL ARTICLES ASSEMBLED IN
18 ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
19 COUNTRIES.—Apparel articles sewn or otherwise as-
20 sembled in one or more beneficiary sub-Saharan Af-
21 rican countries with thread formed in the United
22 States from fabrics wholly formed in the United
23 States and cut in one or more beneficiary sub-Saha-
24 ran African countries from yarns wholly formed in
25 the United States, or from components knit-to-shape

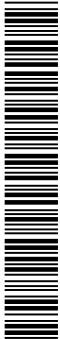


1 in the United States from yarns wholly formed in
2 the United States, or both (including fabrics not
3 formed from yarns, if such fabrics are classifiable
4 under heading 5602 or 5603 of the HTS and are
5 wholly formed in the United States).”.

6 (3) Paragraph (3) is amended—

7 (A) by amending the matter preceding sub-
8 paragraph (A) to read as follows:

9 “(3) APPAREL ARTICLES FROM REGIONAL FAB-
10 RIC OR YARNS.—Apparel articles wholly assembled
11 in one or more beneficiary sub-Saharan African
12 countries from fabric wholly formed in one or more
13 beneficiary sub-Saharan African countries from
14 yarns originating either in the United States or one
15 or more beneficiary sub-Saharan African countries
16 (including fabrics not formed from yarns, if such
17 fabrics are classified under heading 5602 or 5603 of
18 the HTS and are wholly formed in one or more ben-
19 eficiary sub-Saharan African countries), or from
20 components knit-to-shape in one or more beneficiary
21 sub-Saharan African countries from yarns origi-
22 nating either in the United States or one or more
23 beneficiary sub-Saharan African countries, or ap-
24 parel articles wholly formed on seamless knitting
25 machines in a beneficiary sub-Saharan African coun-



1 try from yarns originating either in the United
2 States or one or more beneficiary sub-Saharan Afri-
3 can countries, subject to the following:”;

4 (B) in subparagraph (A)(ii)—

5 (i) by striking “1.5” and inserting
6 “3”; and

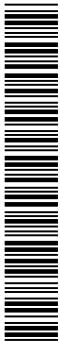
7 (ii) by striking “3.5” and inserting
8 “7”; and

9 (C) by amending subparagraph (B) to read
10 as follows:

11 “(B) SPECIAL RULES FOR LESSER DEVEL-
12 OPED COUNTRIES.—

13 “(i) IN GENERAL.—Subject to sub-
14 paragraph (A), preferential treatment
15 under this paragraph shall be extended
16 through September 30, 2004, for apparel
17 articles wholly assembled, or knit-to-shape
18 and wholly assembled, or both, in one or
19 more lesser developed beneficiary sub-Sa-
20 haran African countries regardless of the
21 country of origin of the fabric or the yarn
22 used to make such articles.

23 “(ii) LESSER DEVELOPED BENE-
24 FICIARY SUB-SAHARAN AFRICAN COUN-
25 TRY.—For purposes of clause (i), the term



1 ‘lesser developed beneficiary sub-Saharan
2 African country’ means—

3 “(I) a beneficiary sub-Saharan
4 African country that had a per capita
5 gross national product of less than
6 \$1,500 in 1998, as measured by the
7 International Bank for Reconstruction
8 and Development;

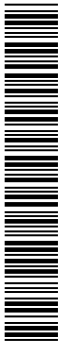
9 “(II) Botswana; and

10 “(III) Namibia.”.

11 (4) Paragraph (4)(B) is amended by striking
12 “18.5” and inserting “21.5”.

13 (5) Section 112(b) of such Act is further
14 amended by adding at the end the following new
15 paragraph:

16 “(7) APPAREL ARTICLES ASSEMBLED IN ONE
17 OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
18 COUNTRIES FROM UNITED STATES AND BENE-
19 FICIARY SUB-SAHARAN AFRICAN COUNTRY COMPO-
20 NENTS.—Apparel articles sewn or otherwise assem-
21 bled in one or more beneficiary sub-Saharan African
22 countries with thread formed in the United States
23 from components cut in the United States and one
24 or more beneficiary sub-Saharan African countries
25 from fabric wholly formed in the United States from



1 yarns wholly formed in the United States, or from
2 components knit-to-shape in the United States and
3 one or more beneficiary sub-Saharan African coun-
4 tries from yarns wholly formed in the United States,
5 or both (including fabrics not formed from yarns, if
6 such fabrics are classifiable under heading 5602 or
7 5603 of the HTS).”.

8 **DIVISION D—EXTENSION OF**
9 **CERTAIN PREFERENTIAL**
10 **TRADE TREATMENT AND**
11 **OTHER PROVISIONS**

12 **SEC. 4101. EXTENSION OF GENERALIZED SYSTEM OF PREF-**
13 **ERENCES.**

14 (a) EXTENSION OF DUTY-FREE TREATMENT UNDER
15 SYSTEM.—Section 505 of the Trade Act of 1974 (19
16 U.S.C. 2465(a)) is amended by striking “September 30,
17 2001” and inserting “December 31, 2002”.

18 (b) RETROACTIVE APPLICATION FOR CERTAIN LIQ-
19 UIDATIONS AND RELIQUIDATIONS.—

20 (1) IN GENERAL.—Notwithstanding section 514
21 of the Tariff Act of 1930 or any other provision of
22 law, and subject to paragraph (2), the entry—

23 (A) of any article to which duty-free treat-
24 ment under title V of the Trade Act of 1974



1 would have applied if the entry had been made
2 on September 30, 2001,

3 (B) that was made after September 30,
4 2001, and before the date of the enactment of
5 this Act, and

6 (C) to which duty-free treatment under
7 title V of that Act did not apply,
8 shall be liquidated or reliquidated as free of duty,
9 and the Secretary of the Treasury shall refund any
10 duty paid with respect to such entry. As used in this
11 subsection, the term “entry” includes a withdrawal
12 from warehouse for consumption.

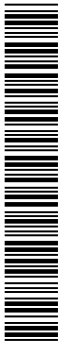
13 (2) REQUESTS.—Liquidation or reliquidation
14 may be made under paragraph (1) with respect to
15 an entry only if a request therefor is filed with the
16 Customs Service, within 180 days after the date of
17 the enactment of this Act, that contains sufficient
18 information to enable the Customs Service—

19 (A) to locate the entry; or

20 (B) to reconstruct the entry if it cannot be
21 located.

22 **SEC. 4102. FUND FOR WTO DISPUTE SETTLEMENTS.**

23 (a) ESTABLISHMENT OF FUND.—There is estab-
24 lished in the Treasury a fund for the payment of settle-
25 ments under this section.



1 (b) AUTHORITY OF USTR TO PAY SETTLEMENTS.—

2 Amounts in the fund established under subsection (a) shall
3 be available, as provided in appropriations Acts, only for
4 the payment by the United States Trade Representative
5 of the amount of the total or partial settlement of any
6 dispute pursuant to proceedings under the auspices of the
7 World Trade Organization, if—

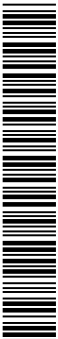
8 (1) in the case of a total or partial settlement
9 in an amount of not more than \$10,000,000, the
10 Trade Representative certifies to the Secretary of
11 the Treasury that the settlement is in the best inter-
12 ests of the United States; and

13 (2) in the case of a total or partial settlement
14 in an amount of more than \$10,000,000, the Trade
15 Representative certifies to the Congress that the set-
16 tlement is in the best interests of the United States.

17 (c) APPROPRIATIONS.—There are authorized to be
18 appropriated to the fund established under subsection
19 (a)—

20 (1) \$50,000,000; and

21 (2) amounts equivalent to amounts recovered by
22 the United States pursuant to the settlement of dis-
23 putes pursuant to proceedings under the auspices of
24 the World Trade Organization.



1 Amounts appropriated to the fund are authorized to re-
2 main available until expended.

3 (c) MANAGEMENT OF FUND.—Sections 9601 and
4 9602(b) of the Internal Revenue Code of 1986 shall apply
5 to the fund established under subsection (a) to the same
6 extent as such provisions apply to trust funds established
7 under subchapter A of chapter 98 of such Code.

8 **SEC. 4103. PAYMENT OF DUTIES AND FEES.**

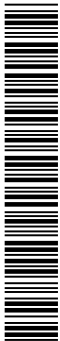
9 Section 505(a) of the Tariff Act of 1930 (19 U.S.C.
10 1505(a)) is amended—

11 (1) in the first sentence—

12 (A) by striking “Unless the merchandise”
13 and inserting “Unless the entry of merchandise
14 is covered by an import activity summary state-
15 ment, or the merchandise”; and

16 (B) by inserting after “by regulation” the
17 following: “(but not to exceed 10 working days
18 after entry or release, whichever occurs first)”;
19 and

20 (2) by striking the second and third sentences
21 and inserting the following: “If an import activity
22 summary statement is filed, the importer or record
23 shall deposit estimated duties and fees for entries of
24 merchandise covered by the import activity summary
25 statement no later than the 15th day of the month



- 1 following the month in which the merchandise is en-
- 2 tered or released, whichever occurs first.”.

